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REPORT

OF

SELECT COMMITTEE,

APPOINTED UNDER

RESOLUTION NO. 128 ASSEMBLY,

TO INVESTIGATE THE AFFAIRS OF THE

Milwaukee and Superior Railroad Company.

IN ASSEMBLY, MAY 12th, 1858.

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1858

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kee, Julius White, of Madison, and George Reed, of Manitowoc, that this board of directors at their first meeting elected the following officers: C. R. Alton, President, H. Haertel, Vice President, H. K. White, Nominal Secretary, H. W. James, Acting Secretary, D. P. Hull, Treasurer, and Joshua Stark, Attorney.

The fourth section of the said act of incorporation, which seems to your committee, directory in its provisions, provides, that whenever one hundred thousand dollars shall have been subscribed to the capital stock of said company, and five per cent thereon paid in, the said commissions shall give ten days notice in some newspaper, published in the city of Milwaukee, of a meeting of the stockholders for the purpose of electing seven directors; and the directors then elected shall hold their office until the next annual election of directors, and they shall elect one of their number by ballot to be President; a majority of the board of directors shall form a quorum, and shall be competent to manage the affairs of said company.

Section two provides that "the capital stock of said company shall be ten millions of dollars, with the privilege to the stockholders of increasing the sum as they same deem advisable, to a sum not exceeding fifteen millions of dollars to be divided into shares of one hundred dollars each, to be transferable on the books of said company, in such manner as the by-laws shall direct.

It appears from the testimony of C. R. Alton, late President of said company, that no per centage on any of the capital stock of said company has ever been paid in, up to this time, to his knowledge. This witness states that he gave his check for two thousand dollars, ($2,000) as his per centage of five per centum on forty thousand dollars, ($40,000) the amount of his subscription for stock of this company, and that said check has never been paid, "that he is arware of;" nor is he aware of any other stockholders of this company ever paying anything on the stock subscribed for by them. Some

other witnesses, however, do certify that "*according to the books of this company*, the five per cent as mentioned in said section four, on the capital stock subscribed, was paid into this company, but your committee could not learn from any officer or stockholder, of this company, examined by them, of any person who had ever paid into the company a dollar of the five per cent on his stock, and they can arrive at no other conclusion on this point, but that the organization of this company was illegal and fraudulent from its inception, and, as the facts would seem to indicate, as given by the officers themselves, the whole proceedings have been only one continuation of downright frauds upon the public.

From the testimony of C. R. Alton, H. Hærtel, Joshua Stark, D. P. Hull and others, who were examined before your committee, it does not appear that a dollar of the capital stock subscribed was ever paid into this company, as per centage or otherwise, showing conclusively, as your committee think, that the company was designed for a railroad swindle, from the beginning of its organization, to the end of its operations.

It also appears from the testimony, that this company, issued sometime after the pretended organization to C. R. Alton, one hundred shares of full paid stock, ($100,000,) for his services in some matter connected with the Green Bay, Milwaukee and Chicago railroad company; and that the said Alton transferred a portion of the same to the other directors of this company, as follows: To Hermann Hærtel, $15,000; to Edward Button, $15,000; to D. P. Hull, $15,000; to Joshua Stark, $7,500; and to the President, the said Alton, $42,500.

The answer to a question put to said Alton, when examined by your committee, is significant as to the object of the directors in this one hundred thousand dollars issue of full paid stock.

Question to C. R. Alton.—"What was the object of making this transfer to the directors?"

Answer.—"As a matter of justice to them, and as they were to become endorsers on the company's paper; and for the purpose of retaining them as directors; and in order to guard their interests."

This witness, Alton, in his testimony, further states, that the company received no compensation for these one hundred thousand dollars of full paid stock, from either of said directors, or from himself, except for the services before mentioned, rendered by him; and also, that it was understood at the time it was issued, that the other directors were to have the stock which he did transfer to them. From the testimony of this witness, Mr. Alton, it does not appear upon what consideration the five thousand dollars in full paid stock of this company, was transferred by C. R. Alton, to Mr. Greulich, as he was not a director at that time. Mr. Hærtel, however, in his evidence, states that $3,500 of this amount was for Mr. Greulich's interest in the Milwaukee and Fond du Lac plankroad company.

It further appears, that this company has issued twelve hundred (1,200) shares of stock, which they call "cash subscribers," ($120,000,) and about two hundred and five thousand of farm mortgage stock, ($205,000); the latter was obtained through what are termed "stock agents," the company paying for such services, from two to two and a half per cent on the amount subscribed. Also, that this company has issued one hundred thousand dollars of first mortgage bonds on their road; one hundred thousand dollars in special stock certificates; also, a second mortgage on their road, of five thousand dollars per mile, on twenty miles thereof, "next to the city of Milwaukee," making an amount of all the stocks and bonds of this company issued since its organization, *five hundred and twenty-five thousand dollars*, ($525,000) without having the first dollar of cash paid in to the company, as provided by its charter; and that a large portion of all these issues were made in order to enable the company to obtain a

loan of the Milwaukee city bonds, of one hundred thousand dollars ($100,000), which city bonds and the farm mortgage bonds, obtained by or through the "stock agents" mentioned herein, seems to your committee, to comprise all the real capital that the Milwaukee and Superior railroad company ever possessed.

It further appears from the evidence of witnesses, directors and officers of the company, that all the business of the company, from its first organization, was intrusted to the President, C. R. Alton, who seemed to be its chief and master spirit in all its business affairs. The other directors, as it would seem, were some of them merely nominally chosen to fill certain offices in the board, paying no attention to Mr. Alton's operations, and showing a total disregard for the interest of the stockholders.

From Mr. Alton's testimony, it appears that the company has five miles of their road finshed, and between four and five miles more graded, and according to the evidence of Mr. Hærtel, it has of rolling stock, as follows: two locomotives, cost, freight and charges twenty thousand dollars, ($20,000,) ten platform cars, cost, freight and charges, five or six thousand dollars, ($6000,) two hand cars, a lot of chairs and spikes, amount not stated, the whole are covered by a chattle mortgage; they have also, office fixtures and books, value not known to the witness. This, so far as your committee can learn, comprises all that there is of the property or assets of the Milwaukee and Lake Superior railroad company.

Mr. Alton received a salary of five thousand dollars a year ($5,000); Vice President, H. Haertel, two thousand ($2,000); Secretary and Acting Treasurer, Mr. Janes, fifteen hundred ($1,500); attorney, Joshua Stark, fifteen hundred ($1,500); and D. P. Hull, who states that he was only "a *nominal* treasurer and never held any money or securities, paper, or ever saw the inside of the books of the

company in his life, five hundred dollars ($500) making in all ten thousand dollars ($10,000), for the salaries of the officers of this company. Besides this large amount paid for the salaries of the officers named, are to be added the salaries of the engineers and agents of the company, which added to the expenses and charges of other *friends of the direction*, would doubtless swell the amount paid to fifteen thousand dollars, ($15,000) and this too, by a company which appears from the evidence of the officers themselves, never had a dollar of real cash capital paid into its treasury.

Mr. Alton, as appears from the testimony of Herman Haertel, has already received from the company between twelve and fifteen thousand dollars, and Mr. C. R. Alton admits in his examination, that he has received as expenses several thousand dollars more.

To a question put to Mr. Alton "whether he ever delivered any farm mortgage belonging to the company to Julius White, to secure him for money advanced to him, said Alton, before the passage of the charter or law, incorporating the company;" he answers as follows:

"There was farm mortgage bonds of the Milwaukee and Superior Railroad Company, to the amouut of ten thousand dollars, delivered to Mr. White to sell, with instructions not to sell them at less than seventy cents on the dollar. I cannot state the time when they were delivered. I did not design them as collateral to any debt I owed Mr. White. Mr. White had rendered services in different ways to the company, for the benefit of the company, in obtaining its charter and lobbying for the *Land Grant* and other services, and he was to be paid for such services whenever those bonds should be sold."

The following are the questions propounded to Julius White, and the answers he gave to the committee:

"*Question.*—Did the President, Mr. Alton, or any of the directors, place in your hands $10,000 of farm mortgage

bonds of the Milwaukee and Superior Railroad Company.—If so, when and for what purpose?

Answer.—"The President, Mr. Alton, placed in my hands $10,000 of such farm mortgage bonds, in the early part of May, according to my recollection, for the purpose of selling them for not less than 70 cents on the dollar, and out of the proceeds, I was to retain the amount due me from the company."

Question.—"What use have you ever made of the farm mortgages?"

Answer.—"I was unable to sell them at the price, and with Mr. Alton's consent, I obtained a loan on my note, and deposited them as security for the amount of $6,000. Subsequent to that, Mr. Alton wanted them in New York, and told me he could use them to better advantage than the farm mortgage bonds of the Milwaukee and Fon du Lac Air Line Railroad Company, and wished to temporarily exchange them for the same amount of the bonds I had. He agreed to exchange and return the same amount of the Milwaukee and Superior farm mortgage bonds. That exchange has never been effected, and the party with whom I deposited said bonds as security, still hold them. It was agreed between Mr. Alton and myself, that on the delivery to me of five thousand dollars of the farm mortgage bonds of the Milwaukee and Superior Company, I was to deliver to him the $10,000 of the bonds I had received of him, which was to be in full payment of all my claims, heretofore referred to. This arrangement has never been carried out by Mr. Alton, and therefore I could not fulfil on my part."

It would appear from the testimony of Mr. White that Mr. Alton did agree to let the witness have the company's bonds or securities, in settlement of his own personal liabilities, and also from the testimony of Mr. Hærtel, that he Mr. Alton has used large sums of money belonging to the company, of which he was president, for his own

private use. In one part of his own evidence, it will be seen that he admits that he on one occasion did use $5000 in the purchase of real estate in the city of New York.

* * * * These individuals, who were directors of this company, from its pretended organization, and so remain to this time, are responsible for the ruin and distress which is inevitable from the management of the affairs of this corporation, to a numerous class of meritorious citizens of our State, who have mortgaged their homes, the effects of many years industry and toil in good faith to aid an enterprise which had it been lawfully and prudently managed, would have been a blessing to themselves and their families, as well as a great advantage to the State. The directors, as it would seem to your committee, from the evidence before them, have wantonly violated the confidence reposed in them by these farm mortgage stockholders, and the public generally. The farmers in Milwaukee and Ozaukee counties, who mortgaged their farms, which were their all, so far as property is concerned, were generally honest, confiding, unsophisticated men, many of them Germans, and entirely unacquainted with railroad matters, and being anxious to aid in the construction of a road, which they supposed would benefit themselves, and the public generally. This being known to the directors of the Milwaukee and Superior railroad company, they as soon as organized, commenced holding public meetings in the several counties named where German speakers were employed to hold forth at different points and places along the line, and through these counties, and also there were Americans in attendance to help get up a feeling in favor of the pretended railroad project until it was found by its managers to meet with general public favor in that quarter, when a swarm of these vultures known as "stock agents," were sent out amongst the people, and as the result shows, from the evidence herewith, many poor and worthy men have been robbed of their all, and unless some relief is extended to them in some way, will soon

be deprived of their homes, if said mortgages are of any legal effect.

Your committee feel that judging of the affairs of this railroad company and its management since it was first organized, as proved by the evidence before them, they cannot use too strong language of censure of such transactions, as the directors of this railroad company have been guilty of. Had they confined their plundering operations to a different class of persons; to those more acquainted with such enterprises, and better able to sustain the losses which must inevitably follow the conduct of these directors, it would seem to your committee to be less reprehensible and heartless. To seek the ruin of this class of citizens named, by the course of deception and frauds pursued by these men, seems to your committee heartless beyond expression, and calls for some legislative action at once, in order to protect these unfortunate farm mortgage stockholders.

It would seem from the evidence of witnesses before the the committee, from the manner of keeping the books of the company, that Mr. C. R. Alton, as President, was to have full opportuuity to do as he pleased with the securities and assetts, as he states in his testimony: "The entries were made by H. W. James, late secretary of the company, by my request, at the time he left. There were some transactions that were not entered on the books; and during the last winter I obtained his services to complete the work which he had left undone, and to make such further entries as I thought necessary and proper."

Your committee do not learn that the board of directors took any action, or gave any directions to their President as to the manner and purpose the bonds and stock of the company should be used or disposed of. Not until after Mr. Alton had effectually used up and disposed of all the bonds, stock, and other securities of this company, do your committee learn from any of the directors examined by them, that these direc-

tors took any steps to call him to an account, or require a statement from him of his financial operations for the company, but suffered him to continue on without restraint until every thing was disposed of; and then these business directors had a meeting of their board, and, to use the language of one witness, Mr. D. H. Hull, '*abridged the power of President Alton,*' and conferred it upon an Executive committee; and, at another meeting of the Directors '*abridged still further;*' and, still later, at *another meeting*, the board of directors removed their chief and great financial head, or resolved so to do, and then insisted upon his rendering an account and statement in detail of his stewardship, and what he had done with the bonds and stocks of the company placed in his hands.

Mr. Alton, they state, promised compliance with this reasonable and proper request, and pretended he was making out such detailed statement, and promised from day to day to lay it before them, but after a delay of several weeks, he suddenly left Milwaukee without doing it. When Mr. Hærtel deemed it necessary to follow in pursuit of the absent President.

It appears from the evidence before the committee, that the Milwaukee city bonds and farm mortgage bonds of this company, were sold and disposed of by C. R. Alton, at the ruinous rates of from fifteen to eighty cents. on the dollar. Such seems to have been the account rendered the company by said Alton, and as to the actual amount he did receive for those securities. The directors seem to have no information beyond the statement which the said Alton readers.

There is however, another branch in the history of this company, which your committee deem it proper to refer to, as it is immediately connected with the Milwaukee and Superior railroad company.

It appears from the testimony of witnesses examined by your committee, that notwithstanding the Milwaukee and

Superior railroad company had, at no time, a single dollar of real capital, except what the company borrowed, either directly or hypothecated its securities for, or obtained on issues of stock, or sold its farm mortgages for, nevertheless its enterterprising and energetic board of directors were not to be deterred from entering into other laudable undertakings in the way of railroad matters, for the development of the resonrces of the State, and perhaps with a view to promote the interests of the citizens of Wisconsin generally, and C. R. Alton being an engineer by profession, and experienced in most kinds of business pertaining to railroad matters as has been shown, and not being quite satisfied with his position as president of the Milwaukee and Superior railroad company, but as your commitee supposes desiring a more extensive field for exercising his active mind than the duties of this company offered or required of him, at a salary of five thousand dollars a year, and having congenial spirits, associated in the direction of this company, as will be seen by the evidences, the Milwaukee and Superior Comyany conceived and carried out the project, to a certain extent, of buying out another railroad company, known as the Milwaukee iand Fond du Lac Air Line Company. For the charter, &c., of this railroad company, the Milwaukee and Superior company paid a bonus of $3,000; and soon after this transaction, the said C R. Alton and his associates became President and directors of both these companies. Mr. Alton states in his testimony, that "three thousand dollars in cash, and a stipulation for twenty thousand dollars, full paid stock, was paid to N. P. Tallmadge, formely President of said Air Line road." None of the new board of directors, Mr. Alton states, ever paid in any of the five per cent on the stock subscribed by them. James Vollmar and John E. Mann, of Washington county, were the "*stock agents*" of the Air Line Company, and entered upon their several duties of procuring farm mortgage, subscribers at 1½ per cent, and on cash subscriptions at

one per cent on the amount of subscriptions obtained. Mr. Alton further states that these stock agents obtained a little less than $6,000 of perfected farm mortgages along the line of the Air Line road, which he deposited in the Marine Bank, at Milwaukee, as collateral to something over $4,000, that had been obtained there for the use of the Milwaukee and Superior company, and $600 of those in New York for some other purpose, but said he could not tell the committee how much had been expended along the line of the Air Line road, nor what amount of salaries were fixed for the officers of the company, but does state that he is not aware of the officers or directors of this Air Line company ever having any of this company's mortgages for their own private purposes. That when the Milwaukee and Superior company took the bonds and papers of the Air Line company, after the purchase, N. P. Tallmage and Moses Weil of West Bend, and Daniel McHenry, had paid five per cent. on the amount of their subscriptions. Mr. Weil subscribed $5000 and McHenry $500. Your committee will here state that Mr. Alton is flatly contradicted by several witnesses in his statement "that he has not used the moneys and bonds of this company as well as those of the Milwaukee and Superior company for his own private purposes." It appears also that there has been a preliminary survey made on the said Air Line road when it passed into the hands of the Milwaukee and Superior company, on the terms before mentioned, and also that the "*Stock Agent*, James Vollmar, of the Air Line Company, represented to the farm mortgage subscribers, that the mortgages given by them were to be exclusively appropriated to the building of the Air Line road, and that they would never have to pay neither interest nor principal on their mortgage subscription, which, in the opinion of your committee, was a gross fraud committed by said James Vollmar, Stock Agent and Vice President of said road."

Your committee therefore, in consideration of the facts and testimony as stated, recommend the adoption of the following resolutions.

ALEX. M. ALLING, Ch'n
ALVIN B. ALDEN.
WM. G. BROWN.
PAUL A. WEIL.
A. D. CORNWELL.

Resolved, That the judiciary committee be and they are hereby requested to prepare, and at their earliest opportunity present to the Assembly, a bill for an act to authorize the stockholders, or any of them, to institute legal proceedings against said companies, in which any or either of them may be stockholders, and close up the affairs of said company in the most speedy and equitable manner for the interest of said stockholders; and also to oust all the present managers of the said corporations, and prevent them from hereafter having any further or other management as officers or otherwise, of either of said companies, and to forfeit all stock issued to or held by either of them, and for the recovery from each of them, any money wrongfully received and converted by any or either of them.

Resolved, That the report and evidence of the committee, of which A. M. Alling is chairman, to investigate the affairs of the Milwaukee and Superior railroad company, be printed.

On motion of Mr. Alling,

Five hundred copies of the report and testimony, with resolution accompanying,

Was ordered printed.

APPENDIX.

TESTIMONY.

JOSHUA STARK,

Being first duly sworn, deposed and stated as follows:

Question.—Are you a stockholder, director or officer, of the Milwaukee and Superior Railroad Company?

Answer.—I am a stockholder, director and officer of the said company.

Question.—Was you at any time heretofore acting as such director, officer or agent of this company?

Answer.—I have acted in all of those capacities. Have been a director and officer since April 5, 1856.

Question.—When was the Milwaukee and Superior Railroad Company organized, and who were the first directors, President and officers of this company after its organization?

Answer.—The organization of the company was perfected on the 5th day of April, 1856, by the election of directors.

The first directors were C. R. Alton, H. Haertel, Edward Button, D. P. Hull and J. Stark, of Milwaukee, Julius White, of Madison, and George Reed, of Manitowoc. The first officers were C. R. Alton, President; H. Hærtel, Vice-President; H. K. White, Secretary; H. W. Janes, Treasurer; and J. Stark, Attorney; also, Messrs. Hærtel, Button, White, Reed, and the President, ex-officio, executive committee, and Messrs. Button, Hull, and the Vice-President *ex-officio*, finance committee.

Question.—What amount of capital stock has been subscribed for, in all? what portion thereof paid in cash? what paid for by farm mortgages to this company?

Answer.—As appears upon the books of the company, the whole number of shares subscribed is 2,334, of one hundred dollars each, of which 2054 have been paid for by farm mortgages, and on the remainder, there was paid down five per cent at the time of subscription, except on 80 shares, upon which the aggregate per centage paid amounted to $1,185. These 80 shares were mostly subscribed at Green Bay. There have been other farm mortgages, to the amount, I think, of from fifteen to twenty thousand dollars, executed to the company, on stock subscriptions, which have not been received by the company on account of defects in the title of the lands mortgaged. Some of these imperfect mortgages have been released by the company, on payment of a small sum, varying from five to ten per cent of their amount. The remainder are, I think, in the hands of Wm. T. Bonniwell, of Ozaukee county, to be cancelled and discharged on like terms. No stock has been issued for these imperfect mortgages.

Question.—What amount of farm mortgages has this company sold? For what per cent were they sold, and by whom?

Answer.—Of the farm mortgages,

$5,500 were sold by Mr. Alton, the President, 80 per cent cash.

7,800 were sold by the company at 80 per cent. for chairs and spikes.

5,700 were sold by the company at 80 per cent. for platform cars.

18,400 are charged upon the company's books to H. A. Fuller & Co., contractors for the construction of the first 23 miles of the road, who were, by contract, I believe, to receive them at 75 per cent.

18,800 were used by the company, as part of the consideration paid the La Crosse & Milwaukee Railroad Company, for contract for use of depot grounds in the city of Milwaukee, and four miles of railroad track next to such depot grounds.

3,500 were sold for safes, rent, etc., at 65 per cent.

Besides those above enumerated, it appears from unofficial papers, entries and memoranda in the office of the Secretary of the company, that there have been sold by the late President, C. R. Alton, at various times since the 1st of June last:

$6,600 at the rate of 37 per cent.
5,000 at the rate of 47½ per cent.
12,000 at the rate of 25 per cent.
10,000 at the rate of 20 per cent.
2,000 at the rate of 15 per cent.
3,000 at the rate of about 24 per cent.

Most of those sold at such low rates had been hypothecated by Mr. Alton for moneys borrowed, I suppose for the benefit of the company, and some of them were forced to sale by the persons who held them during the past winter.

Question.—What amount of farm mortgages has this company pledged or hypothecated; and by whom were they pledged or hypothecated; and for what amount were they pledged or hypothecated?

Answer.—The company has pledged,

$50,000 of farm mortgages, with the city of Milwaukee, for the loan of city bonds to the amount of one hundred thousand dollars.
12,000 with H. H. Wolcott & Co., to secure about three-fourths of that amount due them for freight.
22,000 with the Boston Locomotive Company, to secure $18,600 due them for two locomotives.

I understand, from memoranda in my possession, that Mr. Alton has also hypothecated

$16,000 of said mortgages to the Uncas Bank, of Providence, R. I., to secure $8,000 borrowed of said bank for the company.

I do not know what has become of the remaining $7,000 of farm mortgages. An order was sent to my office by Mr. Alton, on the 24th instant, for the proceeds (when realized) of the sale of real estate on Fifty-third street, New York, being

property purchased with $5,000 of such mortgages. I have no doubt the $5,000 alluded to, are part of the $7,000, and were used by Mr. Alton in the purchase of such real estate in the city of New York.

Question.—What amount of city bonds did the company receive from the city of Milwaukee, to aid in the construction of its road, and what securities did the company give to said city on the receipt of such bonds?

Answer.—The company received from the city of Milwaukee, as a loan, city bonds to the amount of one hundred thousand dollars, and gave the city the following securities, for the payment of interest and principal of such bonds:

The bond of the company in the penalty of $200,000 secured by a second mortgage on the 1st twenty miles of the road.

A special certificate for one thousand shares of full paid capital stock, (not entitling the holder to vote thereon,)

One hundred thousand dollars of the first mortgage bonds of the company.

Fifty thousand dollars of the farm mortgage bonds of the company.

The joint and several bonds of the company with C. R. Alton, H. Hærtel, D. P. Hull, E. Button, Julius White, and J. Stark, personally, in the penalty of one hundred thousand dollars.

All of these securities, except the bonds of the company, with the second mortgage collateral thereto, were designed merely as collateral securities, and it was understood that they would be returned and released by the city to the company on the completion of twenty miles of the road next to the city of Milwaukee.

Question.—To whom were the city bonds sold or hypothecated, at what time, and for what amount?

Answer.—I do not know to whom the city bonds have been sold. They were placed by the President, with the con-

currence of the board of directors, in the spring of 1857, in the hands of Messrs. Marie & Kauz, of New York, for sale, they agreeing to advance to the company on them, by the first day of July, 1857, $65,000. Interest was to be allowed them on their advances, at the rate of seven per cent., and they were to have 2½ per cent. commission on all their sales, but were not to sell the bonds so as to net the company less than seventy-five per cent. of their par value. On these bonds the books show that the company has received $65,000 only.

Question.—Has the interest on any of the farm mortgages or city bonds become due? If due, have any of the coupons of these bonds been paid? If so, when and by whom?

Answer.—The interest on the farm mortgages is due annually on the first day of July. The interest on the farm mortgage bonds and city bonds is payable semi-annually, on the first days of January and July. All interest on such bonds, due prior to the first day of January, 1858, has, I am quite certain, been paid. The semi-annual interest on such bonds, due the first day of January, 1858, remaining wholly or mainly unpaid.

Question.—What amount of money has been expended on said road by the company? What number of miles of said road have been completed from the junction with the La Crosse and Milwaukee railroad? What number of miles of said road is graded?

Answer.—I cannot tell the precise amount of money expended on the road. I am not sufficiently familiar with the books to ascertain the amount. I think the amount is about $130,000—inclusive of rolling stock, engineering, right of way, salaries, &c., and inclusive of iron rail.

The road is completed, the track laid, and nearly all fenced, from the junction with the La Crosse and Milwaukee Railroad northward five miles, and the grading is completed for five miles further north.

Question.—What amount of rolling stock, or other per-

sonal property, belongs to said company, its cost and value, at the time of its purchase, and at the present time, and of what does it consist?

Answer.—The rolling stock of the company consists of two locomotives, which cost the company, freight included, about $20,000. Ten platform cars which cost $5,000 and upwards, and one or two hand cars, of which I do not know the cost or value. The locomotives and cars, I suppose, were worth the above prices paid for them, and are now, doubtless, as valuable as when purchased, as they have been used but very little. The company have on hand chairs and spikes worth about $1,200, and office furniture worth perhaps $150; both under chattel mortgage, to secure the liabilities of the company.

I do not think of any other personal proporty owned by the company.

Question.—What is the amount of indebtedness and liabilities of said company, either by mortgages on the road, or by bonds of said company, or debts due on contracts, or otherwise?

Answer.—The company owe the city of Milwaukee for her bonds loaned to the company, $100,000, to C. B. Raymond & Co. for iron purchased, about $21,000.

These debts are secured by first mortgage bonds of the company, the city holding as collateral security $128,000, and C. B. Raymond & Co. $42,000, of such bonds.

The company is still indebted for right of way, to the amount, I think, of about $8,000, being the balance due on the first 15 miles of the road.

A part of this, about $3500, is due upon judgment, and the remainder upon contract or appraisal. I understand from Mr. Alton that he borrowed $8000 last fall from the Uncas Bank, of Norwich, Conn., upon the note or notes of the compay, which remains unpaid; also that there is due to several banks in Milwaukee, $8000, and interest since last fall for moneys borrowed for the use of the company.

There are some other items of indebtedness which I am unable to state, though they are small in amount. There may be a balance due H. A. Fuller & Co. on their contract for work done, &c., but, if so, I have no means of ascertaining the amount.

Question.—What are the salaries annually paid to the President, Secretary, Treasurer, Attorney or other officers and agents of said company?

Answer.—The salaries of the officers were, I think, never fixed by the board of directors, but accounts for services, or salary have been audited and allowed from time to time at the following rates, which rates, I have always understood were subject to be changed, either reduced or increased for any particular quarter, as justice or circumstances of the company might permit or require.

Up to the first day of July last 1857,

The President was allowed salary at the rate of ..... $5,000,00.
The Vice President ....do.....do.....$2,000,00.
The Attorney .....do.....do.....$2,000,00.
The Secretary .....do.....do.....$1,500,00.
The Chief or Division Engineer .....do.....$1,500,00.

Mr. Alton, President, as is shown by the books, has received the full amount of his salary, allowed as above stated, and has further, without authority of the board, and without rendering any account to them, and without the knowledge or assent of any other officer of the company, credited himself for salary at the same rate, from the first day of July, 1857, to the first day of March, 1858, besides a large sum of expenses and disbursements in the business of the company, all of which has been paid to himself out of money of the company in his hands.

By the books it appears that the Vice President has received $1000, on account of salary.

The attorney has, to my knowledge, and as appears by the

books, never received more than $11 50 for all services rendered from the 5th of April, 1856, to the present time.

The Secretary received his salary in full, up to about the 10th of October, 1857, since which time no salary has been paid or allowed to that officer.

The Division Engineer was allowed his salary at the rate above mentioned, until about the first of October, 1857, when work was suspended on the road, and most of the employees of the company were discharged. There is, I think, a balance still due the engineer, and also to several of his subordinates, how much it is, I cannot state.

There has also been paid to D. P. Hull, Treasurer, $500 for salary as Treasurer, and to Edward Britton $500 for services as director and member of executive and finance committees, from the 5th of April, 1856 to the 5th of April, 1858, for which he was allowed at the rate of $300 per annum.

What compensation was paid to stock agents, and to other officers and agents of the company not already named, I am unable to state. Contracts made with them were made either by the President, Vice President, or executive committee, of which I did not become member until the summer of 1857.

Question.—What amount of money has been paid to the officers and agents of said company since its organization for salaries or services, and how much to each one so paid? State the names of the persons receiving, and the amount?

Answer.—This question is pretty fully answered in my answer to the preceding. Mr. Alton has received, as audited and allowed by the board of directors, for

Salary and services as President and agent, to July 1, '57	$9,166 62
And has applied to his own use, claiming the same as salary since July 1, '57, without action of the board	3,333 34
H. Hærtel, as Vice President, has received on account.	1,000 00
J. Stark has received, as attorney, and for all other services, on account	1,112 24
H. K. White has received as secretary, in full	500 00

H. W. Janes has received as secretary and treasurer..	2,142 57
D. P. Hull has received as treasurer, on account.....	500 00
E. Button has received as above stated.....	500 00
Wm. H. Bouniwell has received as agent.....	1,504 50
B. Ringle has received as stock agent.....	2,400 00
P. Moon has received as stock agent.....	105 00

I can think of no others at present,—the amount of whose receipts for salaries and services I can ascertain without reference to vouchers. The above statements are as appeats from the books.

Question.—What amount of stock, farm mortgages, bonds, or other securities has the company now in its possession of every kind and discription.

Answer.—The company has millions of stock, unissued. It has no farm mortgage bonds, first mortgage bonds or other securities of any kind in its possession, to my knowledge, except a few imperfect and rejected farm mortgages, which, as I have before stated, are to be discharged and returned to the makers.

The company issued, in 1856, I think, five hundred and fifty thousand dollars of bonds secured by a first mortgage of ten thousand dollars per mile, upon the road from Milwaukee to Sheboygan. Of these bonds one hundred and twenty-eight thousand dollars have been placed with the city of Milwaukee, as already stated, and forty-two thousand dollars with C. B. Raymond & Co., from whom the iron rails were purchased; $280,000 were sealed up and deposited with N. K. Jesup & Co., of New York, under a contract with C. B. Raymond & Co., that none of them should be used by the company until after the completion of twenty-seven miles of the road. The remaining one-hundred thousand dollars were by resolution of the board of directors, directed to be placed by the President, in the hands of N. K. Jesup & Co., agents of the company in N. York, to be kept by them subject to the order of the board of directors or executive committee. Mr. Alton

afterwards, without such order, procured said bonds from Jesup & Co., and after attempting and failing to negotiate them, placed them, as he has assured the directors, personally in the hands of Levi Blossom, then in New York, for safe keeping. Repeated efforts have been made during the past two months to obtain said bonds, but without effect, and they were, as I am advised by Mr. Alton, still in the hands of Mr. Blossom, ten days ago. Whether Mr. Blossom holds these bonds for any other purpose than safe keeping, I do not know. Mr. Alton, I believe, insists that Blossom has no interest or claim in, or to them, which I believe to be the fact, as Mr. Alton had not the least authority to sell or pledge the bonds for any purpose whatever.

Not being able to procure the bonds, the board of directors, by resolution passed the 12th day of April, 1858, cancelled them, and gave notice thereof, in the New York *Herald.*

Question.—What interest have you had in the any contract or agreement made by this company, directly or indirectly, whereby you were to receive money, bonds, stocks or other property as commissions for services rendered this company?

Answer.—I have never had any interest in any contract or agreement made by the company, either directly or indirectly, whereby I was to receive, or had any hope or expectation of receiving any bonds, stock, money or other property, as commission or compensation for services rendered the company, except my salary, and I have had no agreement or understanding, directly or indirectly, by which I was to receive anything beyond the amount of my salary already mentioned, for any services, real or pretended for the company.

Question.—What amount have you ever, at any time held in your possession, either of stock, bonds or other securities of this company, either as your own property or for any other person?

Answer.—I have held seventy-five shares of the stock of

the company. They were transferred to me by C. R. Alton, and were held by me as some security, and the only security I could obtain for my liability, which at the time I received such stock, I had assumed, or was about to assume with others, for the company, to the city of Milwaukee, in order to procure the issue of bonds by said city as a loan to the company.

I also had in my possession for a few days, as Secretary, $30,000 of the first mortgage bonds of the company—I held them only for the company.

Question.—What officers of this company negotiated the bonds, stock and other securities of this company, and by what authority?

Answer.—I think all the securities disposed of by the company were negotiated by the President. The disposition made of the first mortgage bonds, except those placed with Blossom, was authorized by the board of directors, who also authorized the use of the farm mortgages hypothecated to the city of Milwaukee, to H. H. Wolcott & Co., and the Boston Locomotive Company, and of those sold to W. B. Astor, the La Crosse and Milwaukee Railroad Company, Corby, Gossin & Co., James Bass & Co., H. A. Fuller & Co., and a Mr. Moss.

All other sales or pledges of such farm mortgages, made after the month of April, 1857, were not directly authorized. The executive committee alone had the power to negotiate and sell securities, or authorize the same to be done, after April, 1857.

Mr. Alton continued, however, to act as financial agent for the company after that time with the tacit assent of the company, and with the understanding that he was to act with the advice of the executive committee to whom he was to report often and in detail, all his operations, and acts in the name of the company, until the fourth of March, 1858, when he was by a resolution of the board of directors stripped of all power to bind the company without the concurrence of the

Vice President, and was required to place all first mortgage bonds, and I think, other securities of the company in his hands, with Messrs. Kuehne & Co., of New York.

Question.—Did the directors of this company require Mr. Alton to report to the board in what manner he disposed of the stock, bonds and other securities of the company, and how often did he report?

Answer.—The directors did require Mr. Alton to report his transactions either to the board or the executive committee. He reported at irregular intervals until August, 1857, when I think his last report was made. His reports were not often in writing, but were generally satisfactory to the board and committee, though not so full as was desired by myself; after the month of August, Mr. Alton, I think, was absent from Milwaukee until about the 20th of September, 1857.

Mr. Alton's last report to the board of directors was made at a meeting held on the 10th day of October 1857.

A little after the 1st of November following, I think he left Milwaukee for New York, and was absent from the former city until the latter part of February, 1858, when he returned and remained in Milwaukee until the 3d or 4th of March.

During his stay in Milwaukee at this time, he was daily pressed by the directors to make a detailed statement and re-report of all his transactions since his last report, and of the condition of the company, and the disposition made of its securities. He promised from day to day to do so, and stated that he was preparing such report, and would assemble the board of directors as soon as it was completed, and lay it before them. On the third or fourth of March, 1858, he left Milwaukee, suddenly, without the knowledge of any of the directors of the company, so far as I am informed, and left no statement or report of his doings, no account of securities disposed of, and no account of the finances of the company. Very little information was obtained from him during his stay in Milwaukee, as he referred to his forthcoming state-

ment for details. The board of directors immediately assembled and passed resolutions depriving the President of all power to act alone for the company, and sent Mr. Hærtel, Vice-President, to New York, to find out the condition of the company's affairs, and to obtain, if possible, a full account from the President, and have the securities of the company yet in his hands, placed in safe hands.

Mr. Haertel returned after about one month's absence, bringing with him some memoranda made for him by Mr. Alton, but without any official report or statement. He also brought with him $30,000 of the first mortgage bonds of the company, which he deposited in my hands as Secretary.

He also reported the condition of the $100,000 of first mortgage bonds in the hands of Blossom, as I have already stated, and his ineffectual efforts to procure their delivery pursuant to the directions of the board. Since that time Mr. Alton has made no communication to the company, except to send in his resignation, as president and director, which bears date 24th day of April, 1858, twelve days after his removal from the office of President by the board of directors, and he has neglected and refused hitherto to render any account to the company of his acts for the past six months.

Question.—Who of the directors or officers of the company, executed a bond to indemnify the city of Milwaukee, for the city bonds loaned to the company?

Answer.—C. R. Alton, H. Hærtel, D. P. Hull, E. Button, Julius White and J. Stark.

Question.—When was it first known to the board of directors of the company, that C. R. Alton was misapplying the stocks, bonds and other securities of the company?

Answer.—The first information or suspicion I had of the misapplication of any property of the company, was immediately after the departure of Mr. Alton for New York, on the 3d or 4th of March, 1858. I do not think the other members

of the board of directors were aware of such misapplication before that time.

Question.—Did the board of directors of the Milwaukee and Superior railroad company, issue to Mr. Alton one hundred thousand dollars of full paid stock, and for what purposes?

Answer.—The board did, on the 9th day of January, 1857, pass a resolution directing the issue of $100,000 of full paid stock to Mr. Alton; the purpose for which the issue was made, is thus expressed in the resolution—"as full compensation for the assignment of the rights, privileges and advantages of the charter obtained by him for the construction of the Milwaukee and Superior railroad, and for obtaining the transfer to said company of the rights of the Green Bay, Milwaukee and Chicago railroad company, to said line of road, to be in full to him for said assignment." I knew at the time of no other purpose of the issue.

Question.—Did you, or any of the board of directors, receive any transfer of that stock from Mr. Alton, and what amount did you, or any other director receive, and for what purpose?

Answer.—Mr. Alton transferred to me 75 shares of this stock; how much he transferred to others I cannot tell with certainty; I think, however, he transferred 150 shares each to Mr. Hæertel, Mr. Hull and Mr. Button.

I received the stock transferred to me, and held the same, as I have already stated, as security for the liability I was required to incur, as a director upon the personal bond required by the city as security for her bonds, loaned to said company. I supposed the other directors received their stock for the same purpose.

Question.—Was any of the full paid stock transferred by Mr. Alton to other directors, ever cancelled? And if so, when was it done, and for what object?

Answer.—There have been three hundred and seventy-five shares of said stock cancelled, pursuant to a resolution adopted

by a majority of the directors present at a meeting of the board, held on the 12th day of April, 1858. The object of the cancellation of this stock, was as follows: Messrs. Hærtel, Hull and Button were subscribers to the capital stock of the company, and had each paid five per cent. on his subscription. The resolution authorized the treasurer to receive the surrender of full paid stock at par, to be applied on such subscriptions, such full paid stock so surrendered, as well as the stock so paid, to be cancelled.

The 375 shares were surrendered and cancelled under this resolution, one hundred shares by Mr. Button, one hundred shares by Mr. Hull, and one hundred and seven-five shares by Mr. Hærtel.

Question.—What members of the board voted in favor of the resolution mentioned in your last answer?

Answer.—Messrs. Hærtel, Hull and Button.

Question.—Was the President, Mr. Alton, or any other director or officer of the company, directly or indirectly interested in the contract with H. A. Fuller & Co., or in any other contract made by or with the company?

Answer.—I have no knowledge of any director or officer of the company being so interested.

Question.—Was there any offer ever made to you or any other directors, by Mr. Alton, to take any interest in the contract of H. A. Fuller & Co., or any other contracts?

Answer.—None was ever made to me. Cannot say as to other directors.

Question.—What was the amount of stock the company had power to issue under their charter, and how much of that amount did they issue?

Answer.—The charter of the company limits the capital to $10,000,000. The amount of stock issued is $249,000, including certificate for $100,000, or 1,000 shares, held as collateral by the city.

Question.—Did you ever pay in any moneys on the stock

by you owned, and how much do you own at this present time?

Answer.—I have never paid anything on stock owned by me. When I first became a director I held one share of fractional paid stock, transferred to me by Mr. Alton—I hold that still, and also fifty-five shares of the full paid stock, transferred to me by Mr. Alton.

Question.—Has any of the stock transferred to you by Mr. Alton, been surrendered or cancelled?

Answer.—Not a share, to my knowledge.

Question.—Is there any other matter or thing which is pertinent to the subject of this investigation, as to which you have not been interrogated; or any explanation you wish to make, relating to the subject of the investigation? If so, state the same.

Answer.—I was not in Milwaukee when the first subscriptions were made to the capital stock of the company.

My first connection with the company was at the time of the election of directors, when, as I have stated, I was qualified for that office by the transfer of one share of stock to me by Mr. Alton.

I never had any intention to invest any capital in the enterprise, for I had not sufficient means to warrant such investment. My connection was intended and understood to be practically in the capacity of attorney, and agent for procuring right of way, and for other purposes requiring active attention along the proposed route of the road. From about the first of June, 1856, to the first of October, 1857, I devoted nearly all my time to the business of the company. My duties as an officer of the company, required me to be absent from home a large part of the time. I was, however, rarely absent from a meeting of the board of directors.

My principal motive in engaging so exclusively in the service of the company, instead of confining myself to the mere duties of attorney, which would not have interfered with my

private business, was, that I might be in active out door life for two or three years, throw off a dyspeptic habit which was much aggravated by the confinement of office employment. I paid little attention to the financial affairs of the company, they were in the charge of Mr Alton, President, in whom I had entire confidence. He spent nearly all his time in New York and New England in the discharge of his duties as President and financial agent of the company.

Though earning very little elsewhere, I received no compensation from the company until the month of March 1857, when, having exhausted all my own available means, I began to draw small sums from the company, as I needed, from time to time, for support, and continued to receive money until the 29th of August, 1857, when I had received in all about $1,150; since which time I have received nothing, but have disbursed for the company in its legal business, more than $100 of my own money. During the summer of 1857, I often requested Mr. Alton to make more detailed reports and statements of his transactions to the board of directors than he had been in the habit of doing. I had such confidence in him, that his continued neglect to do so, did not make me suspect his integrity or good faith, and was the more ready to excuse him during the last fall and winter, as I did not doubt that the interest of the company made his almost constant absence from Milwaukee necessary. On his abrupt departure from Milwaukee, without reporting or accounting, or making any statement to the board, of transactions covering five months immediately preceding; and on finding that without rendering any account, or leaving with the company any voucher, he had among other unauthorized entries made under his directions in the secretary's books, credited himself with salary at the rate of $5,000 a year to the 1st of March, 1858, and with personal expenses, and cost of traveling for the company, to the amount of $1,650, for eight months, ending the 1st of March, 1858. That he had paid

these sums, amounting to $4,983 34, to himself out of funds of the company, which had evidently been in his hands for some months; that after such self-payment, he had still, by his own showing, $156 40 balance in his hands belonging to the company; and that before leaving Milwaukee, he had taken from the company's safe in the secretary's office, an obligation of S. Chamberlain, and collected therein about $900, which he also appropriated to his own use, my confidence was for the first time shaken, and has not been restored.

I was elected Secretary of the company on the 10th of October, 1857, to fill the vacancy occasioned by the resignation of H. W. Janes. It was understood that I should act only for the convenience of the board at their meetings, as I had resumed the practice of my profession. I had no possession or charge of the books or papers of the company until after the first of April 1858, and have had no compensation as Secretary. I removed the books and papers to my own office early in the present month; up to that time they had remained in the office of the company in the charge of W. J. Abrams, a brother-in-law of Mr. Alton, who was employed by him to take charge of the company's office. The company is now indebted to me for services and expenses prior to the first of January, 1858, about $2,400.

JOSHUA STARK.

Subscribed and sworn to before the committee, this first day of May, A. D. 1858.

ALEXANDER M. ALLING,
Chairman of Committee.

Question.—Were the most of the directors of the Milwaukee and Superior Railroad, also directors of the Milwaukee and Fond du Lac Air Line Railroad Company?

Answer.—They were, after the month of January, 1857.

Question.—Do you know the officers and directors; if so, name them?

Answer.—I do. Before the 24th day of April, 1858, the directors of the Milwaukee and Fond du Lac Air Line Railroad company, were C. R. Alton, H. Hærtel, D. P. Hull, E. Button and J. Stark, of Milwaukee; M. J. Thomas, of Fond du Lac; Julius White, of Madison; and James Vollmar and John Findorff, of Washington county. Mr. Findorff was elected about six weeks since, to fill a vacancy caused by the death of T. Lovett last fall. Mr. Alton, on the 24th instant, resigned his position as President and director of the company, and the vacancy has not been filled.

The officers are at present, James Vollmar, Vice President; Joshua Stark, Secretary and Attorney; and, I think, D. P. Hull, Treasurer.

Question.—What was the bonus given to obtain the charter of the Milwaukee and Fond du Lac Air Line Railroad, and to whom was it paid? How much in cash? How much in the stock of the said Air Line Railroad Company?

Answer.—I will answer the question as I suppose it was intended.

The Air Line Railroad Company was incorporated by an act of the legislature, in 1854, and was organized with N. P. Tallmage, of Fond du Lac, as President.

The directors of the Milwaukee and Superior Railroad Company deemed it important that the Air Line road should be built from Cedarburg, and thus become a feeder to the former. It was also important to the success of the Air Line road, that an arrangement should be made for the transfer of the charter of the old Milwaukee and Fond du Lac Railroad Company, then merged in the La Crosse and Milwaukee Railroad Company, so as to remove the danger of competing lines. This last it was difficult for Mr. Tallmadge to accomplish. Negotiations were therefore entered into between Mr. Tallmadge and some of the directors of the Milwaukee and Superior Railroad Company, which resulted in an agreement that Mr. Tallmadge should retire and procure the resignation

of all the members of the then board of directors of the said Air Line Company, with one or two exceptions. This was consummated, and as a consideration therefor, Mr. Tallmadge received $3,000 in cash, and $20,000 in the stock of the Milwaukee and Fond du Lac Air Line Railroad Company. This is all the bonus given for the charter of said company, within my knowledge.

Question.—How much did the agent or agents receive for obtaining farm mortgages along the line of said road? What per cent? Was it in moneys, bonds or stock?

Answer.—I cannot state the rate of compensation. I understood that Mr. Vollmar, the principal agent, was to receive part in cash, and part was to be applied on his stock subscription of several hundred dollars.

Question.—What amount of farm mortgages has the company obtained along the line of the Air Line Railroad?

Answer.—I cannot state. I think there are nearly $70,000.

Question.—What was done with them?

Answer.—They are all, I believe, now in the possession or control of the company, except $18,800, which as I have recently learned, have been disposed of by C. R. Alton, late President of the company, as follows:

One mortgage for six hundred dollars has been sold.

Mortgages to the amount of eight thousand two hundred dollars, have been deposited by Mr. Alton, or by H. W. Janes, late secretary, under his direction with the Marine Bank, in Milwaukee, as collateral security for notes and obligations, discounted by said bank for the Milwaukee and Superior Railroad Company.

The remainder amounting to ten thousand dollars, were, as I have learned within a few days, placed in the hands of Julius White, of Madison, by the President, Mr. Alton, as collateral security for one thousand dollars advanced or loaned by said White to said Alton in 1855, before the charter of the Milwaukee and Superior Railroad Company was passed, to

be used in prosecuting a survey of a line of railroad from Milwaukee to Sheboygan, preliminary to the application to the Legislature for said charter.

The use of the farm mortgages in the manner above stated, except the $600 mortgage sold as above, was entirely unauthorized, and was unknown to the board of directors, or to any officers of the company, except the then Secretary, and the said Julius White, as I have good reason to believe. No entry thereof has been made in the books of the company, and the President has denied that said bonds were so disposed or since they were placed in the hands of the parties who still have possession of them.

Question.—What amount has been expended along said line?

Answer.—Nothing has been expended upon construction. A careful survey was made of the whole line, and the line was located, maps and profiles were made, and all the work done necessary to let the contract for construction of that part of the road from Cedarburgh to West Bend. Notice of the letting was published, I think, about the month of July. But no contract was then made, and the increasing financial difficulties of the past year, and the money stringency that still exists, has compelled the company to abandon the idea of the immediate commencement of the work. The whole expenditures of this company are about $6,859 10, as appears by the books.

Question.—What did the surveys cost? State as near as you know or believe.

Answer.—The account for survey of the Air Line road is $2,256 00.

Question.—Were the agent or agents of the Air Line Railroad Company actual stockholders in said company?

Answer.—Mr. Vollmar was and is a stockholder. I think Mr. Mann is one also. Can't say as to the others.

Question.—Did the directors, agent or agents, pay in any

per centage on any of the stock subscribed at the time of their subscription?

Answer.—When the charter was transferred by Mr. Tallmadge, which took place at Fond du Lac, Mr. Alton, Mr. Hull, and myself subscribed each for some stock, on which no per centage was paid at the time of subscribing.

The charter did not require it. A subscription was afterwards started in Milwaukee, on which I subscribed, I think, 20 shares, and paid at the time of subscribing, either 5 or 10 per cent. I cannot state which, in the absence of the company's books. Mr. Vollmer paid, I think, 10 per cent. on his subscription. The same was paid by services as agent for the company.

Question.—What was the yearly salary of the officers, and how much did they ever receive?

Answer.—None of the officers received any pay to my knowledge, except the Secretary, H. W. Janes, who has received $500 in full, and the stock agents.

I have been credited $500 for services for the company, of which I have received nothing. No salaries have ever been fixed for the officers of the company.

Question.—Can you give a detail account of the expenditures made for the Milwaukee and Fond du Lac Railroad?

Answer.—It is as follows:

The following charges are taken from the books of the Milwaukee and Superior Railroad, and I believe true charges against the Milwaukee and Fond du Lac Air Line Railroad Company:

1857.

March 16.	To cash paid Stark, expenses to Fond Lac at three different times,	$65 00
April 13.	Paid N. P. Tallmadge, as bonus for charter,	3,000 00
"	Paid Kirby Livesy,	8 00
18.	Paid Chandler, printing tickets,	9 00
30.	Paid express charges on bond,	2 25

1857.			
May	16.	Election expenses at Fond du Lac,	$20 00
June	6.	Paid for printing,	15 50
	13.	------do	26 00
	27.	Paid for seal press,	9 00
July	14.	Paid advertising proposals,	16 50
	17.	Paid for recording mortgage,	15 00
	23.	Paid sundry expenses,	48 00
	30.	Paid Martini,	25 50
	"	Paid for printing,	38 00
	"	Paid for advertising,	7 50
	"	Paid J. Vollmar, stock agent,	350 00
Aug.	14.	Paid H. Niedeken & Co., books,	188 50
	"	Paid Martini,	20 00
	"	Paid copy amendments,	3 25
	"	Paid expenses West Bend,	8 50
June	22.	Paid expenses Vollmar, S,	46 50
Aug.	14.	Paid Railroad Advocate,	9 10
Sept.	1.	Paid account Martini,	80 00
	23.	Paid Hatch & Co., engraving,	147 00
Oct.	11.	Paid to W. H. Zanes, Sec.,	500 00
	"	Paid M. Martini,	50 00
	"	Paid engineering total,	2,256 00

JOSHUA STARK.

Subscribed and sworn to before the committee, this 1st day of May, A. D. 1858.

ALEXANDER M. ALLING,
Chairman of Committee.

MR. H. HÆRTEL—SWORN.

The committee met on the 28th day of April at 11 o'clock A. M. pursuant to adjournment; present, Messrs. Alling, Brown, Weil, Cornwell and Alden.

Mr. H. Hærtel being duly sworn, deposed and testified as follows :

Question.—Are you a stockholder, director, or officer of the Milwaukee and Superior Railroad Company.

Answer.—I am a director and Vice President of the Milwaukee and Superior Railroad Company, and a stockholder to the amount of one thousand dollars. I was a subscriber originally, to the stock of twenty thousand dollars, and have paid in five per cent on that amount. I now own only on e thousand dollars of said stock.

Question.—What was your salary as Vice President of the company ?

Answer.—My salary as Vice President was two thousand dollars per annum.

Question.—Did you pay this thousand dollars of full paid stock, in cash or in your services as Vice President ?

Answer.—I paid it in my services.

Question.—What was the amount of cash subscription to capital stock.

Answer.—About twelve hundred shares, of one hundred dollars each.

Question.—Was the five per cent on this twelve hundred shares actually paid ?

Answer.—As far as the books show, it was. I derive my knowledge only from the books.

Question.—Who received this money—the five per cent.

Answer.—As far as I know, it went into the hands of H. W. Janes, the treasurer of the company at that time.

Question.—Do you know what amount of farm mortgage stock was subscribed and perfected ?

Answer.—About two hundred and five thousand dollars.

Question.—How was that stock obtained ?

Answer.—Mostly by agents.

Question.—Do you know what commission such agent or agents received ?

Answer.—As far as I recollect it was from two to two and a half per cent on mortgages that were perfected.

Question.—Was that the largest amount that was received by the agent or agents?

Answer.—As far as I know, it was.

Question—What amount of farm mortgages of this company were pledged or hypothecated, and by whom were they pledged or hypothecated, and for what amount were they so pledged or hypothecated?

Answer.—I do not know what amount of mortgages were pledged by Mr. Alton, then President of the company. I know some of those mortgages were pledged for from seventy to eighty per cent, with the consent of the board of directors; they were pledged for chairs and spikes, freight on iron and locomotives. There was also an amount of from forty to fifty thousand dollars of those farm mortgages pledged by Mr. Alton, without the consent or knowledge or authority of the board of directors or executive committee.

Question.—For what per cent. were these farm mortgages sold?

Answer.—From what knowledge I derived from the books and papers of the company, and Messrs. Jessup & Co., I think they were sold from fifteen to thirty cents on the dollar.

Question.—Do you know whether any portion of the farm mortgages were ever sued for private purposes by any of the directors of the company?

Answer.—Yes, I do know from Mr. Alton's confession to me, that he, Mr. Alton, the President, used five thousand dollars of said mortgages for private purposes.

Question.—Do you know of any other director who has used any of the farm mortgages taken by this company, for their own private use?

Answer.—I believe that one unperfected mortgage has been used by Messrs. Alton and Hull, as stated by Mr. Hull him-

self. I do not know the amount of the mortgage. I was informed by Mr. Alton that ten thousand dollars of those farm mortgages were placed in Mr. Julius White's hands, for negotiation, but I do not know as to that fact, but afterwards by Mr. White's written statement to Mr. Stark, they were exchanged for ten thousand dollars of the Milwaukee and Fond du Lac Air Line road farm mortgages by Mr. Alton without any authority. I understand from Mr. White that they were left with him as collateral security for a loan of one thousand dollars, made to Mr. Alton before the charter of the Milwaukee and Superior Railroad Company was obtained. Mr Julius White further told me that Mr. Alton intended to use that amount in the preliminary survey of the road. But as far as I recollect, all expenses and outlays for such preliminary surveys, were paid back to Mr. Alton by the company. He not mentioning any advances made to him by other parties for such purposes.

Committee met at two o'clock, P. M., pursuant of an adjournment; present Messrs. Alling, Brown and Weil.

Mr. Hærtel continued to testify as follows:

Question.—Are the Milwaukee and Superior Railroad Company and the Milwaukee and Fond du Lac Air Line Railroad Company, two distinct corporations?

Answer.—They are two separate and distinct corporations.

Question.—Has there been any advance made by the Milwaukee and Superior Railroad Company, to the Air Line Railroad Company, and about what amount, and by what authority?

Answer.—Yes, there has been advances made amounting to from five to eight thousand dollars, by consent of the board of directors of the Superior road, to be paid back by the Air Line Railroad, as soon as they realized money from their se-

curities. I am a director of the Air Line Railroad, and Mr. Alton was the President of said road until the 24th day of April, 1858.

Question.—Do you know whether Mr. White ever negotiated these ten thousand dollars of farm mortgages for the benefit of the road, and ever paid in any money arising from them?

Answer.—He did not, as far I know, and as far as the books show.

Question.—Do you know whether Mr. Julius White ever used these ten thousand dollars, in farm mortgages for his own use?

Answer.—He informed me that he raised a certain amount of money on them.

Question.—Did the board of directors authorize Mr. Alton to act as the financial agent of the company, with full power to negotiate these securities?

Answer.—They did. That power was given him in the fore part of May, 1856, by resolution of the board, and was rescinded again by a resolution of the board, about the middle of February, 1857. This power was then transferred to the Executive Committee, of which he was a member *ex officio*, and could not do any act without the consent of a majority of said committee.

Question.—Has Mr. Alton disposed of any securities of the company without the co-operation of the Executive Committee, since the passage of the resolution in 1857?

Answer.—I believe he has. The $5,000 he used for his personal benefit, was so appropriated by him after the resolution had passed restricting his power, and also several other amounts by pledging them as collateral security. I can not state the exact amount.

Question.—Do you know whether Mr. Alton ever collected any of the moneys due the company, and appropriated the same to his own use?

Answer.—I know of one instance, where he collected about one thousand dollars of Selah Chamberlain, the lessee of the La Crosse Railroad, for a lot of ties sold to him belonging to the Superior Railroad.

Question.—Did the company keep their deposits in the Peoples' Bank, Milwaukee?

Answer.—They did not. Their deposit account was kept in the Farmers and Miller's Bank.

Question.—Did you make any cash advances to the company?

Answer.—I did; amounting to something over a thousand dollars, of which I got all back except a small balance.

Question.—Has Mr. Alton ever made any reports in relation to these transactions, to the board of directors or Executive Committee?

Answer.—Not to my knowledge.

Question.—Has Mr. Alton ever been requested to report these transactions by any members of the board of directors, or by resolutions of said board?

Answer.—Since his last report in September last, he was often urged by myself, and also by resolution to report, but failed so far to do it, except entering up sundry items in the books of the company, done mainly in the hand-writing of H. W. Janes, and without accompanying them with vouchers.

Question.—What amount of bonds has the company received of the city of Milwaukee to aid in the construction of the road, and what security did the said company give to the said city for said bonds?

Answer.—The company received one hundred bonds, of one thousand dollars each, amounting to one hundred thousand dollars; the security given was as follows, to wit:

One hundred thousand dollars of the first mortgage bonds of the road, fifty thousand dollars farm mortgages, and one hundred thousand dollars in special stock certificates, as collateral security; also a second mortgage on the road for five

thousand dollars per mile, covering twenty miles next to the city of Milwaukee, and the personal bond given by the directors of the company, signed by C. R. Alton, Julius White, Edward Button, D. P. Hull, H. Hærtel and Joshua Stark. The special bond of the company is also given for one hundred thousand dollars.

Question.—What disposition was made of those city bonds of Milwaukee, and who negociated them?

Answer.—Said bonds were placed, as stated by Mr. Alton, in the hands of Messrs. Marie & Kanz, of New York, to sell at a rate of not less than seventy-five cents on the dollar. They advanced thereon, at the time they received them, $65,000, holding the bonds as collateral security therefor. But only a limited number of said bonds were disposed of by Messrs. Marie & Kanz within the time they should be re-imbursed the above stated amount advanced. I believe that the remaining portion were disposed of to the highest bidder, at rates not known to me. Sixty-five thousand dollars (as far as I know) was all the company realized from said bonds. Provided, that the statements made by Mr. Alton (on which I base my statement,) were correct in this respect.

Question.—Has the interest on the farm mortgages or city bonds been paid as it came due, by the company?

Answer.—Not on the last interest coupons.

Question.—Do you know what amount of money has been expended by the company, so far in the construction of the road?

Answer.—I do not know correctly.

Question.—Do you know what number of miles of said road is completed from the junction of the La Crosse and Milwaukee Railroad, and what number of miles of said road is graded?

Answer.—About five and a half miles, including side-track, completed and fenced, and about five miles nearly graded.

Question.—What amount of rolling stock or other person-

al property belongs to said company, and its cost and value at the time of purchase, and its value at the present time?

Answer.—Two locomotives, cost, including freight and charges, about twenty thousand dollars; ten platform cars, including costs and charges, between five and six thousand dollars; two hand cars, cost not known to me; also a lot of chairs and spikes, not knowing the quantity on hand now, which chairs and spikes are covered by a chattel mortgage; also office fixtures, books, &c., the cost of which is not known to me. I further believe that the aforesaid articles have not diminished much in value. The rolling stock is covered by the first mortgage of the road.

Question.—What is the amount of indebtedness and liabilities of said company, exclusive of mortgages on the road, or debts due on contracts or otherwise?

Answer.—I have no exact information, and must refer to the books of the company.

Question.—What are the salaries annually paid to the President, Secretary, Vice President, Treasurer, Attorney and other officers and agents of said company?

Answer.—To C. R. Alton as President, chief engineer and financial agent, five thousand dollars, Vice President, two thousand dollars, Secretary, I believe, fifteen hundred dollars, the Attorney, I think, fifteen hundred dollars. I am not aware that the Treasurer receives any compensation.

Question.—Do you know what amount of money, as salary, has been paid to the President and other officers of the company?

Answer.—There has been paid to the President, between twelve and fifteen thousand dollars, probably more. The Vice President has received one thousand dollars in stock, in all. I am not acquainted with the amount which the Secretary or Attorney have received.

Question.—What amount of farm mortgage bonds are now in possession of the company?

Answer.—None which are perfected, or are of any real value to the company.

Question.—Did your board of directors issue one hundred thousand dollars stock, and place them in the hands of Mr. Alton; if so, for what purpose was that stock issued to Mr. Alton?

Answer.—This stock was issued to Mr. Alton as compensation for services rendered in procuring a release of the rights, privileges, and immunities of the Green Bay, Milwaukee and Chicago Railroad Company, as stated in section No. 26 of the charter of the Milwaukee and Superior Railroad Company, approved March 4, 1856, and that said Alton afterwards transferred a portion of said stocks as follows: To E. Button, ten thousand dollars; to D. P. Hull, ten thousand dollars; Hermann Hærtel, fifteen thousand dollars; Joshua Stark, ten thousand dollars for security on account of liabilities of the company which they assumed.

Question.—Did the company ever cancel any of that $100,000 stock that was issued to Mr. Alton, and partly transferred as stated in the foregoing answer?

Answer.—Yes, the whole amount of the fifteen thousand dollars transferred to me, also a portion, if any, (I do not know the exact amount) transferred to J. Stark, D. P. Hull and E. Button

Question.—When was that stock cancelled?

Answer.—It was cancelled between the 20th and 23rd days' of April, 1858, as allowed by resolution of the board, passed a week or ten days previous.

Question.—Was this stock requested by resolution of the board to be cancelled previous to the passage of the resolution, by which this committee is investigating the transactions of your corporation?

Answer.—Yes, it was.

Question.—Do you know of any other full paid stock that was issued by the company?

Answer.—There was ten shares of full paid stock issued to F. W. Horn, for services at attorney and otherwise, in Ozaukee county; also there was paid to A. Greulich three thousand or three thousand five hundred dollars in full paid stock for his interest in the Milwaukee and Fond du Lac plank-road company, and that said thirty-five hundred dollars was transferred by Mr. Alton out of the one hundred thousand dollars above mentioned.

Question.—Have you ever received from the company, its officers or agents, any bonds, securities, moneys, stock, or effects belonging to the company as commissions, salary, or otherwise, except as heretofore stated?

Answer.—No, I have not.

Question.—What interest have you ever had in any contract or agreement with this company, or any other person or persons, directly or indirectly, whereby you was to receive any money, bonds, stock or other property, or any other valuable consideration, from any contractor, or any other person as commissions, or for services rendered?

Answer.—I never received any compensation, directly or indirectly, as referred to in the above question.

Question.—When was it first known to a board of directors of this company, that C. R. Alton was misapplying the stock, bonds, or other securities of the company?

Answer.—My suspicions was excited during the past winter, and the board of directors were aware of the misapplying of some of the bonds and money during the month of February, 1858.

Question.—What steps has this company taken to recover any of the property or security of the company that have been misapplied, or that have been withheld by C. R. Alton, or any other agent of the company?

Answer.—By cancelling certain securities by order of the board and also by instructing the attorney of the company to take the necessary legal steps to recover the securities so misapplied or withheld.

Question.—What amount has been paid to the Milwaukee and La Crosse Railroad Company, for the use of their road?

Answer.—The contract made with the said company by the Milwaukee and Superior Railroad Company, was to pay a certain per centage for all business going over the road, and a bonus of $25,000 of farm mortgages, and $25,000 of stocks, of which said company received so far, eighteen thousand eight hundred dollars in farm mortgages, and something like twenty thousand dollars in stock.

Question.—How long is it since the contractors stopped working on the road?

Answer.—About the first of September, 1857.

Question.—Who were the contractors for doing the grading, masonry, bridging, &c.?

Answer.—H. A. Fuller & Co.

Question.—Do you know whether Mr. Alton or any director or officer of the company, are directly or indirectly interested in any contract made with H. A. Fuller & Co.

Answer.—I do not know.

Question.—Was there any proposition made to you by Mr. Alton, to take an interest in the contract of H. A. Fuller & Co.?

Answer.—There was no direct proposition made to that effect, only that Mr. Alton made suggestion to that effect in a private conversation to which I replied in substance, that with the limited means the company had at their disposal, I wish to see as much of the road built as possible, and have the work done at the lowest price.

Question.—How many of the first mortgage bonds were executed, and what disposition was made of them?

Answer.—There was five hundred and fifty thousand dollars executed by resolution of the board, covering the line of the road as far as Sheboygan, being fifty-five miles at the rate of ten thousand dollars per mile, as stipulated in the charter which were placed as follows: One hundred thousand with the city of Milwaukee as collateral security; forty-two thou-

sand with C. B. Raymond & Co., New York, as collateral for purchase of iron rails, to the amount of twenty-one thousand dollars; also twenty-eight thousand dollars subsequently with the city of Milwaukee, as collateral; and two hundred and eighty thousand dollars were left in trust with M. K. Jessup & Co., New York, with the conditiou that the same should not be given up to the company, before twenty-seven miles of the road shall be finished; and one hundred thousand dollars are yet in the hands of C. R. Alton, late President of the company, and which he, notwithstanding the direction of the board, has not delivered up. Said last one hundred thousand dollars were cancelled by a resolution of the board of directors, April 12, 1858.

Question.—Were those who were dirictors in the Milwaukee and Superior Railroad Company, a majority of the directors in the Air Line Railroad Company?

Answer.—The directors of the Milwaukee and Superior Railroad Company, were as follows: C. R. Alton, D. P. Hull, Edward Button, Joshua Stark, Augustus Greulich, Julius White and Hermann Hærtel. The directors in the Air Line Railroad Company, are as follows, to wit: C. R. Alton, James Vollmar, Edward Button, Joshua Stark. D. P. Hull, M. J. Thomas, Julius White, Hermann Hærtel and John Findorff; but I resigned several months ago, on which no action has yet been taken.

Question.—How much did the agent receive for obtaining these Air Line Railroad mortgages, and was it money, stock or bonds?

Answer.—James Vollmar acted as one of the agents, and also made a subscription to the capital stock of several hundred dollars, to which his commission was to be applied as payment, and as far as I recollect, received from one to two per cent.

Question.—Did you, or any other director of the Air Line Railroad Company, ever pay in any per centage on any of the

stock subscribed by you or any of the other directors of said road?

Answer.—I did not make any subscription myself, nor pay in any money, but voted upon ten or twenty shares, which I understood to have been transferred to me.

H. HÆRTEL.

Subscribed and sworn to before the committee, this 29th April, 1858.

ALEXANDER M. ALLING.
Chairman of Committee.

TESTIMONY OF DAVID P. HULL.

David P. Hull being duly sworn testifies as follows:

That he is a director of the Milwaukee and Superior Railroad Company, and has about fifteen hundred dollars of the stock. Do not know what amount of capital stock was taken by cash subscriptions; and also do not know what amount of farm mortgages were taken.

I was elected a member of the board at the request of C. R. Alton, with no intention of taking an active interest in the affairs of the company. I think that five per cent. was all that was paid in on the cash subscriptions to the capital stock according to the requirements of the charter; and I do not know that any other installment has been called by the company. The officers, at the time of my election consisted of President, C. R. Alton; Vice President, Hermann Hærtel; Attorney, Joshua Stark; Secretary and Acting Treasurer, Henry W. Janes; Treasurer, David P. Hull.

It was the understanding between the President and the board and myself, that my position as treasurer was to be

merely nominal; that Mr. Janes was to perform all the duties appertaining to the office of the treasurer, as well as those of the secretary; and since my election, I have not had the custody of any of the securities of the company, nor the proceeds thereof. Have not had the funds in cash, or its assets of any kind in my possession. Have not kept any of the books, or had the possession of them; but have occupied my position only nominally, as was the understanding.

The President and t[illegible] secretary had the custody of all the books and papers belonging to the company; and by a resolution of the board, the President was invested with full powers in relation to the custody and disposition of the securities, making of contracts, and all matters necessary for the construction of the road, which power was continued up to last fall, (I do not remember the date), when that power was abridged, and conferred upon a committee; and at a date a few months later, the powers of the President was still further abridged, so that the President was incapacitated from disposing of the securities of the company without the co-operation of the Vice President, or the board of directors. And recently the President has been removed from office by a resolution of the board.

This cause of this abridgement of the power of the President, and his final removal, as far as I know, was an apprehension on the part of some of the board of directors, that the securities belonging to the company might be misapplied and that too much power had been given to him in relation to the control and disposition of their securities.

His removal was made upon the statements made in a communication by Hermann Haertel, the Vice President, to the board, in relation to facts and circumstances which transpired in the city of New York, during the last month, of which Hermann Haertel is cognizant.

Some time last fall, Mr. Janes, the Secretary, resigned, and Joshua Stark was elected in his place, but until very recently

Mr. Stark's position was limited to the duties of the Secretary at the meetings of the board. The books and papers were kept and managed by one William J. Abrams, who was employed, I believe, by the President, as clerk or book-keeper. By a resolution of the board a few weeks since, Mr. Stark was required to take possession of all the books and papers belonging to the company, which, I believe, has been done.

The President did receive a notice or request, I believe, from some legislative authority, to furnish a report of the affairs and conditions of the company, and I was told by the President that he had already commenced making an annual report, which would be published in a few days. The report has not been submitted to the board, to my knowledge, and I do not know that it has been completed.

I have usually attended the meetings of the board. I have not at any time received any money, or compensation of any kind for services, as director in the company; have not been a party to any contract, in any manner, with the company, or any contractor with the company; have not received any commission of any kind, or participated in any profits, in any transaction connected with the company; have had no understanding with any officer or director or contractor, or person connected with the company, in relation to receiving any compensation or profit.

A draft of mine upon the President and company for two thousand dolllars for salary, as teasurer, in favor of William J. Abrams, is in his hands, and whether paid or not I do not know. I have also been paid five hundred dollars, as appears upon the books for services, as treasurer, which covers all moneys, fees, commissions or profits of any kind which I have, at any time, received from the company.

I am personally liable on the bond of the company to the city of Milwaukee for one hundred thousand dollars, (when that liability transpires,) and also am liable as endorser on

notes given for the purchase of iron rails, for about twenty thousand dollars, and also as endorser on other notes and drafts, for about ten thousand dollars for the company, discounted in the bonds of Milwaukee; these liabilities were incurred at the request of the President, with no promise or expectation of remuneration but with the view of accommodating him and aiding in the enterprize of constructing the road.

Sometime at the commencement of my connection with this company, Mr. Alton placed in my hands certificates of stock of the Milwaukee and Superior company to the amount, I believe, of seventeen thousand and five hundred dollars, which had been issued by the company to him; saying to me at the time, that I was not to use them but that I was to hold them, as he might want them again; a short time afterwards he took from me twenty-five hundred dollars. Ten thousand dollars of the stock has since been returned to the company; the remainder is in the hands of Lewis Germain, a brother of C. R. Alton. The ten thousand dollars returned to the company, mentioned above, was in compliance with a resolution of the board for payment of a subscription.

DAVID P. HULL.

STATE OF WISCONSIN, } ss.
Dane County. }

Subscribed and sworn to before the committee, this 27th day of April, A. D. 1858.

ALEXANDER M. ALLING,
Chairman of Committee.

DANIEL McHENRY—SWORN.

Committee being in session May 4, 1858, at 4 o'clock P. M., summoned Mr. Daniel McHenry to appear as a witness.

Mr. McHenry being sworn, testified as follows:

Question.—Are you a stockholder of the Milwaukee and Superior Railroad Company?

Answer.—I am not.

Question.—Are you a stockholder of the Milwaukee and Fond du Lac Air Line Railroad Company; if so, to what amount?

Answer.—I am. I subscribed for five hundred dollars in cash stock.

Question.—Did you ever pay in any per centage on the stock so subscribed?

Answer.—I paid five per cent. in cash.

Question.—Were you ever a director or officer of said road?

Answer.—I never was.

Question.—Did you ever receive a part of the bonus given N. P. Tallmadge, for the transfer of the Milwaukee and Fond du Lac Air Line Railroad, to the directors of the Milwaukee and Superior Railroad?

Answer.—I never have received any.

Question.—Do you know whether any of the directors of the Milwaukee and Fond du Lac Air Line Railroad, or officers of said road, ever used any of the securities for their own private use?

Answer.—I do not know.

Question.—Do you know what amount of money has ever been expended on the road, and what work was done?

Answer.—I do not know the amount expended, but I believe the survey was made.

Question.—What time did you subscribe to the stock, and when were the books first opened?

Answer.—I subscribed to the stock at Fond du Lac, at the first opening of the books.

Question.—Who else subscribed to the stock at that time?

Answer.—N. P. Tallmadge took a majority of stock, but I do not know whether he paid in any per centage or not.

Moses Weil subscribed at that time for five thousand dollars, and paid in his per centage, amounting to two hundred and fifty dollars. Those gentlemen, with myself, are all I recollect to have subscribed at that time.

DANIEL McHENRY.

Subscribed and sworn to before the committee, this 4th day of May A. D. 1858.

ALEXANDER M. ALLING,
Chairman of Committee.

JOHN E. MANN—SWORN.

Committee met at 2 o'clock P. M., May 4, 1858; present, Messrs. Alling, Weil and Cornwell.

Mr. John E. Mann being duly sworn, testified as follows:

Question.—Are you a stockholder in the Milwaukee and Superior Railroad Company, or have you any interest whatever in said road?

Answer.—I am not a stockholder, nor have I any interest in said road.

Question.—Are you a stockholder in the Milwaukee and Fond du Lac Air Line Railroad Company? If so, to what amount?

Answer.—I have subscribed one hundred dollars to the capital stock of said road.

Question.—Are you, or have you ever been an officer or director of said road?

Answer.—I have not been an officer, but I have been a director.

Question.—Who was the President of said road at the time of your being a director?

Answer.—Mr. N. P. Tallmadge, part of the time, and afterwards Mr. Alton.

Question.—Were you ever aware of the directors of the Milwaukee and Superior Railroad paying a bonus to obtain the charter of the Milwaukee and Fond du Lac Air Line Railroad. If so, did you have a share in said bonus so given?

Answer.—I never knew that there was any bonus to be paid, nor have I ever received anything in the shape of a bonus.

Question.—Who had control of the road or of the majority of the stock taken at the time of the transfer being made?

Answer.—I understood Mr. Tallmadge held a majority of the amount of the stock.

Question.—Did you ever act as stock agent for the Milwaukee and Fond du Lac Air Line Railroad Company, after it had been transferred to the directors of the Milwaukee and Superior Railroad Company?

Answer.—I did.

Question.—What amount of stock, either in cash or farm mortgages did you obtain along the line of the road?

Answer.—I think I obtained about nine thousand dollars of stock, all of it farm mortgages, except five hundred dollars, which was in cash stock.

Question.—What per centage was there paid in on the cash stock you obtained?

Answer.—Five per cent. or twenty-five dollars.

Question.—Did you e r pay that money to the treasurer of the company?

Answer.—I paid it to Mr. Alton at the office of the company in Milwaukee, and took his receipt for it as President of the road.

Question.—What was the per centage you were to receive for obtaining the stock along the line of the road. Was it to be paid in money, bonds or stock?

Answer.—I was appointed by Mr. Alton, and had no understanding as to what per centage I was to receive.

Question.—Did you ever receive any compensation from the company for your services as stock agent?

Answer.—I never received any compensation whatever.

Question.—Do you know whether any of the directors of the Milwaukee and Fond du Lac Air Line Railroad Company, ever used any of the farm mortgages, or any other securities for their own personal use?

Answer.—Of my own knowledge, I know nothing about it.

Question.—What has become of those farm mortgage bonds you obtained?

Answer.—I placed them in the hands of Mr. Alton at the office of the company on the 4th of June, 1857, and took his receipt for the same as President of the said company.

Question.—What amount of money has ever been expended on said road, and for what purposes?

Answer.—I know that there has been a survey of the road made, but I do not know the expense of said survey nor the amount of money that has been expended on the road.

Question.—What inducement did you hold out to the farmers along the line of said road to cause them to take stock?

Answer.—I told them that if we should get a road through our section of the country upon the contemplated line, it would enhance the value of their property, and that I believed it would pay a good per centage as an investment, that they must judge for themselves as to that, and to the honesty of the company, and that I believed the road would pay if the moneys of the company were honestly and economically expended.

Question.—Who were the other stock agents beside yourself?

Answer.—Mr. Vollmar and Ringlee; and Mr. Reisse, but he never took any stock to my knowledge.

Question.—Did you represent to the persons of whom you

obtained subscriptions to stock, that it was for the purpose of constructing the Milwaukee and Fond du Lac Air Line Railroad Company?

Answer.—I did.

Question.—When you was employed by Mr. Alton as stock agent, was it to obtain stock for the purpose of constructing the Milwaukee and Fond du Lac Air Line Railroad?

Answer.—It was, and for no other purpose.

Question.—Did you understand that the subscription so obtained by you was to be used exclusively for the construction of that road?

Answer.—That was my understanding.

Question.—Did you make such representation when you solicited and obtained subscriptions either in the farm mortgage or cash stock?

Answer.—I do not recollect distinctly, but my impression is, I did in most instances.

JOHN E. MANN.

Subscribed and sworn to before the committee this 4th day of May, A. D. 1858.

ALEXANDER M. ALLING,
Chairman of Committee.

JAMES VOLLMAR—SWORN.

Committee met at half past two P. M., May 1st, 1858; present Messrs. Alling, Brown and Wiel.

James Vollmar, being duly sworn, testified as follows:

Question.—Are you a stockholder of the Milwaukee and Superior Railroad Company?

Answer.—I am not.

Question.—Are you a stockholder of the Milwaukee, Fond

du Lac Air Line Railroad Company; if so, to what amount?

Answer.—I am a stockholder of said road to the amount of one thousand dollars.

Question.—What amount of cash have you ever paid in on such stock?

Answer.—I have paid five per cent on said amount of stock, amounting to fifty dollars.

Question.—Do you know the officers and directors of the Milwaukee, Fond du Lac Air Line Railroad Company?

Answer.—I think I know all of the directors. They are as follows: H. Hærtel, J. Vollmar, M. J. Thomas, E. Button, D. P. Hull, J. Stark, C. R. Alton, John Findorff, and, I believe, Julius White. The officers were as follows: C. R. Alton was President; James Vollmar, Vice President, only since 1st September, 1857; J. Stark Attorney and Secretary, and, I think, E. Button was Treasurer.

Question.—Who were the agents in obtaining stock subscription, either in cash or farm mortgages, to the capital stock of the said Milwaukee and Fond du Lac Air Line Railroad Company?

Answer.—As far as I know, they were John E. Mann, myself and Ringlee, who only took a small amount of the stock obtained along the line of the road.

Question.—What amount of stock did you obtain for the said road, either in cash or farm mortgages?

Answer.—I obtained about seven thousand dollars cash stock, upon which I received the five per cent, and about sixty-five thousand dollars of the farm mortgages.

Question.—What amount of stock did either of the other agents obtain, either in cash or farm mortgage stock.

Answer.—I think Ringlee obtained eight hundred dollars of farm mortgage stock, and John E. Mann, I think some seven or eight thousand dollars of farm mortgage stock. I do not know whether he obtained any cash stock or not.

Question.—Is the one thousand dollars that you now hold, full paid stock?

Answer.—It is not, I have only paid fifty dollars on the same.

Question.—What amount of farm mortgages have been perfected that were taken by you?

Answer.—I think about forty or forty-three thousand dollars.

Question.—What has become of these mortgages?

Answer.—They are all on hand, except about eighteen thousand eight hundred dollars.

Question.—What was done with the eighteen thousand eight hundred dollars of said farm mortgages? Were they used for the benefit of the said road, or for the benefit of any other road or individuals?

Answer.—As to myself, I do not know what they were used for, only from what knowledge I have derived from C. R. Alton, the President. He told me that he used about eight thousand dollars in a loan obtained from the Marine Bank of Milwaukee, for the use and benefit of the Milwaukee and Superior Railroad Company. They were placed there as collateral to the paper of said road. As to the ten thousand dollars of said mortgages, he told me about a week ago, that he gave three to Julius White, as collateral, and that he would get them back soon, and that he sold six hundred dollars of the said mortgages, the proceeds of which he applied to the Milwaukee and Superior Railroad Company.

Question.—Did you ever receive a letter from Mr. C. R. Alton, stating that the farm mortgages were all on hand? What date does that letter bear?

Answer.—I did. The letter is dated at Milwaukee, the 6th day of October, A. D., 1857, stating fully that the mortgages were all in the hands of the company, and that if the work on said road was not commenced within one year from that time, they would be returned to the farm mortgagors, and

Question.—How much did you, as agent, receive for obtaining farm mortgages or cash stock; what per cent was it, in money, bonds or stock?

Answer.—I was to receive one per cent on the stock so procured by me, which was to be paid in cash.

Question.—What amount of moneys did you receive for procuring such stock, or for any other services?

Answer.—I received in all, about six hundred dollars in cash for my services in selling stock. I received nothing more in money for any other service to the company.
that the said mortgages will not be issued, unless in the prosecution of the work between Cedarburg and West Bend.

Question.—What promises did you make to the farm mortgagors, in order to obtain their subscription, and by what authority was such made.

Answer.—The promises were that Mr. Alton, the President, assured me that the road should be built within one year, and I told the farmers who would and did subscribe by mortgaging their farms, that they should never have to pay any interest or principal.

Question.—What was the salary agreed to be paid to the officers of the road?

Answer.—I do not know. Since I have been one of its officers, there has been no action taken by the directors in regard to salary.

Question.—What amount was there ever expended on said road?

Answer.—I think the survey cost about two thousand dollars, probably more than that amount. The other incidental expenses were about fifteen hundred dollars. This, I think, was the whole amount.

Question.—Do you know of any of the officers or directors ever using any of the securities of the company, such as farm mortgages, for their own personal use?

Answer.—All I know in regard to this question is what

stated before, in regard to eighteen thousand dollars which Mr. Alton used without any authority of the board of directors, to my knowledge.

Question.—Do you know whether any of the directors ever paid in any money as per centage on the stock subscribed by them?

Answer.—I paid my five per cent., and as to the other directors, Mr. Alton informed me that they paid in theirs; and that it was used to pay N. P. Tallmadge the three thousand dollars he received.

Question.—Do you know whether Mr. Julius White ever rendered any services or disbursed any moneys for the benefit of the Milwaukee, Fond du Lac Air Line Railroad Company?

Answer.—I do not know.

Question.—Do you know whether Mr. Julius White ever rendered any accounts to the said company of any securities he held belonging to the same?

Answer.—He never rendered any accounts to said company of those securities he holds, belonging to said company, as far as I know.

JAMES VOLLMAR.

Subscribed and sworn to before the committee, this 1st day of May, A. D. 1858.

ALEXANDER M. ALLING,
Chairman of Committee.

JULIUS WHITE—SWORN.

The Committee of Investigation, to investigate the affairs of the Milwaukee and Superior Railroad, and the Milwaukee and Fond du Lac Railroad, met on the first day of May; present Messrs. Alling, Weil and Brown.

Mr. Julius White was duly sworn, who testified as follows:

Question.—Are you a stockholder in the Milwaukee and Superior Railroad company? and if so, to what amount?

Answer.—I am not a stokholder by subscription, there may have been stock transferred to me.

Question.—Did you ever act as director of said road?

Answer.—I never have attended any of the meetings of the board of directors, and have never transacted any business personally in that capacity.

Question.—Were you at any time one of the financial agents of said company by order of the board of directors?

Answer.—I never was; but I was empowered to sell ten thousand dollars of farm mortgage bonds, by Mr. Alton, the President of the company.

Question.—Did Mr. Alton ever receive from you a loan of one thousand dollars? if so, has it ever been paid back to you?

Answer.—In 1855, I think in the spring, I advanced to Mr. Alton one thousand dollars for the use of the northern division of the Green Bay, Milwaukee, and Chicago Railroad, as he told me, to be applied towards the expenses of surveying the road. No part of the said amount of one thousand dollars has ever been repaid to me.

Question.—Was this money loaned previous to the obtaining the charter of the Milwaukee and Superior Railroad?

Answer.—It was.

Question.—Did you ever render any services for the Milwaukee and Superior Railroad Company, and make any outlays in money for the same?

Answer.—In the winter of 1856, and in the fall of the same year, I aided in procuring legislation, and incurred expenses to the amount of not less than five hundred dollars in money, and spent some seven or eight weeks time on these two occasions, and believe my services were of the value of fifteen

hundred dollars; but on the adjustment of my claim, I was not allowed so much, exclusive of the money expended. I think my services were well worth that, because we succeeded in procuring the charter of the said road; and, subsequently secured to the friends of that road, and the Air Line Railroad the Northeastern Land Grant, to which my efforts materially contributed, as I have reason to believe.

Question.—Have your accounts against said road ever been audited by the board of directors?

Answer.—They were audited by Mr. Alton, the President, about the 1st of May, 1857.

Question.—Were you ever paid?

Answer.—I was not.

Question.—What was the amount the President, Mr. Alton, agreed to give you for your demands against the company?

Answer.—He agreed that I should have three thousand dollars, exclusive of that one thousand dollars originally advanced by me to him in the spring of 1855.

Question.—Did the President, Mr. Alton, or any of the directors ever place in your hands ten thousand dollars of farm mortgage bonds of the Milwaukee and Superior Railroad; if so, when, and for what purpose?

Answer.—The President, Mr. Alton, placed in my hands ten thousand dollars of such farm mortgage bonds, in the early part May, according to my recollection. They were placed in my possession for the purpose of selling them for not less than seventy cents on the dollar, and out of the proceeds, I was to retain the amount due me from the company.

Question.—What use have you ever made of those farm mortgages?

Answer.—I was unable to sell them at the price named, and with Mr. Alton's consent I obtained a loan on my own note and deposited them as security for the amount of six thousand dollars. Subsequent to that, Mr. Alton wanted to use them in New York, and he told me that he could use them

to better advantage than the farm mortgage bonds of the Milwaukee and Fond du Lac Air Line Railroad Company, and wished to temporarily exchange them for the same amount of the Milwaukee and Fond du Lac Air Line mortgage bonds. He agreed to exchange and return the same amount of Milwaukee and Superior Railroad farm mortgage bonds. That re-exchange has never been effected, and the party with whom I deposited the farm mortgage bonds of the Air Line Railroad, still hold them. Subsequent to the exchange above stated, it was agreed between Mr. Alton and myself, that on the delivery to me of five thousand dollars of the farm mortgage bonds of the Milwaukee and Superior Railroad Company, I was to deliver to him the ten thousand dollars of the Air Line Railroad farm mortgage bonds, and the five thousand dollars of the Milwaukee and Superior Railroad farm mortgage bonds so to be received by me, were to be in full payment of all my claims heretofore referred to.

This subsequent agreement was made in the early part of the fall of 1857. The five thousand dollars of the Milwaukee and Superior Railroad farm mortgage bonds have never been delivered to me under the last named agreement, although I have repeatedly requested Mr. Alton to do so, so that I could fulfil my part and deliver to him the Milwaukee and Fond du Lac Railroad mortgage bonds as agreed between us.

Question.—Have you ever returned to the Milwaukee and Superior Railroad Company, or the Milwaukee and Fond du Lac Air Line Railroad Company, any of the moneys so loaned by you on the said farm mortgage bonds?

Answer.—I have not.

Question.—Did Mr. Alton ever receive any benefit personally, from the said six thousand dollars so loaned; and if so, whatamount?

Answer.—None whatever.

Question.—Did you ever receive any of the full paid stock

of the said Milwaukee and Superior Railroad Company, out of the amount issued to the C. R. Alton?

Answer.—I never received any from any source.

Question.—Did you ever as director of said road, endorse any of the paper of said company, and incur personal liabilities; if so, what was the consideration to be received by you or what was the understanding among the directors to protect themselves in so incurring said liabilities.

Answer.—I am signer with other directors on a bond to secure the city of Milwaukee, for the issue of the city bonds for the use, I think, of the Milwaukee and Superior Railroad Company, but I hold nothing to secure me for such liability, and never did hold any, nor have I ever received any consideration for so doing. I am not aware of any agreement or understanding that the directors so incurring liabilities should be secured.

Question.—Are you aware, in your capacity of director, that one hundred thousand dollars full paid stock was ever issued to C. R. Alton; if so, what was the object of said issue?

Answer.—I am not aware of any such issue having been made, and if I have ever been informed, it has escaped my memory.

Question.—Are you a director or stockholder of the Milwaukee and Fond du Lac Air Line Railroad company?

Answer—I believe I am a director, but I never subscribed for any of the stock, though some may have been assigned or transferred to me.

Question.—Did you ever render any services for the Milwaukee, Fond du Lac Air Line Railroad Company, and make any outlays for the same?

Answer.—I have not, only as stated in reply to a former question.

Question.—Has the Milwaukee and Fond du Lac Air Line Railroad Company ever received any of the moneys so loaned by you on their farm mortgage bonds?

Answer.—The Milwaukee and Fond du Lac Air Line Railroad Company has never received any of the moneys I borrowed on the Milwaukee and Superior Railroad farm mortgage bonds, which were exchanged for the Milwaukee and Fond du Lac Air Line Railroad farm mortgage bonds, at the request of Mr. Alton, the President of the road.

Question.—Did you ever meet with the board of directors of said Air Line Railroad Company, and are you knowing to any of its transactions?

Answer.—I never met the board of directors in council, and therefore know nothing of their transactions.

Question.—What reason had you for holding the 10,000 of the Milwaukee and Fond du Lac Air Line Railroad farm mortgage bonds, when the said road has never received or derived any of the moneys obtained on them?

Answer.—I received them as a temporary substitute, at the request of the President, Mr. Alton, for the bonds of the Milwaukee and Superior Railroad Company, and have been willing at all times to surrender them on being paid the amount of my claim either in the farm mortgage bonds or the Milwaukee and Superior Railroad, or in money, as they agreed. But if I were willing, I could not redeem them from hypothecation, without payment of my claim in some shape or manner.

JULIUS WHITE.

Subscribed and sworn to before the committee, this 3d day of May, A. D. 1858.

ALEXANDER M. ALLING,
Chairman of Committee.

C. R. ALTON—SWORN.

The committee met at two o'clock, pursuant to adjournment; present, Messrs. Alling, Brown and Weil.

Mr. C. R. Alton was sworn, and testified as follows:

Question.—Are you a stockholder, director or officer, in the Milwaukee and Superior Railroad Company?

Answer.—Stockholder, only.

Question.—When was the Milwaukee and Superior Railroad Company organized, and who were the first directors; President and officers of the company, after its organization?

Answer.—In March or April, 1856, the first directors were C. R. Alton, H. Hærtel, Edward Button, D. P. Hull, and J. Stark, of Milwaukee; Julius White, of Madison, and George Reed, of Manitowoc. C. R. Alton was Presiden; H. Hærtel, Vice President; H. K. White, Secretary; H. W. Janes, Treasurer; J. Stark, Attorney.

Question.—How long did you retain the office of President of said company?

Answer.—I resigned last Saturday morning, 24th ult.

Question.—What amount of capital stock has been subscribed for, in all? What portion thereof in cash stock, and what amount in farm mortgage stock?

Answer.—I cannot answer without referring to the books; but two hundred thousand dollars of the mortgage stock has been subscribed for.

Question.—How much stock did you subscribe for in the Milwaukee and Superior Railroad Company?

Answer.—About $40,000.

Question.—What per centage have you paid on that amount?

Answer.—I gave my check for five per cent., amounting to $2,000.

Question.—Was that check ever paid in cash?

Answer.—Not that I am aware of.

Question.—Have you ever paid any cash in, on stock?

Answer.—I have not.

Question.—Has any of the directors, besides yourself, ever paid any per centage in cash, on stock subscribed for, by them?

Answer.—Not that I am aware of.

Question.—Was there ever any cash paid as per centage on any of the stock subscribed to the capital stock of the company?

Answer.—Not that I am aware of. If such had been the case I should have known it.

Question.—Who are the contractors for the construction of the Milwaukee and Superior Railroad?

Answer.—H. A. Fuller & Co.

Question.—By whom, on the part of the company, was the contract made with H. A. Fuller & Co.?

Answer.—By myself as President of the corporation.

Question.—Who composes the firm of H. A. Fuller & Co., contractors on the Milwaukee and Superior Railroad Company?

Answer.—H. A. Fuller is the principal member of the firm, Theo. Lovett, deceased, was a member of the firm; I think that John L. King, of Springfield, Mass., was a member of the firm.

Question.—Have you ever been, or are you now, in any manner directly or indirectly interested in the contract with H. A. Fuller & Co., for the construction of the Milwaukee and Superior Railroad, or in any of the profits of said contract?

Answer.—No.

Question.—Did you ever propose to Mr. Haertel, or any other director, to take a small interest in said contract?

Answer.—I do not remember having made any such proposition.

Question.—Have you ever received any moneys due H. A. Fuller & Co. on their contract?

Answer.—I have not.

Question.—Were you to share with Theo. Lovett in his proportion of the profits and advantages of said contract?

Answer.—No.

Question.—Have the bonds of the city of Milwaukee, or

any of them, been sold? If so, how many of them have been sold, to whom, and for how much, and what part of the proceeds of said bonds have been realized by the company?

Answer.—They were placed in the hands of Messrs. Marie and Kanz, who made an advance on them of $65,000 on the entire amount of $100,000, issued by the city of Milwaukee.

Question.—Was that $65,000 used exclusively for the use and benefit of the company?

Answer.—It was.

Question.—What disposition has been made of the farm mortgage bonds of the company? What amount has been sold, hypothecated, pledged or otherwise disposed of, and in what manner, and to whom have they been so disposed of?

Answer.—They have been sold and exchanged for materials used in the construction of the road, and hypothecated for the indebtedness of the company, as the entries will show on the books of the company. Said entries were made by the secretary.

Question.—What disposition was made of the farm mortgage bonds that were not accounted for on the books of the company?

Answer.—They were exchanged by me for real estate in the city of New York, and said real estate was sold for merchandize, which is being disposed of for the benefit of the company.

Question.—What amount of farm mortgage bonds did you give in exchange for this real estate?

Answer.—Five thousand dollars.

Question.—What disposition has been made of farm mortgage bonds No. 9, 52, 90, 93, 114 and 145, amonting to $6,600?

Answer.—I have no memorandum to refer to, to show me as to how those particular mortgages were disposed of.

Question.—Have you ever borrowed any money for your

own personal benefit, and used these farm mortgages as collateral security.

Answer.—Not that I remember.

Question.—What has become of the farm mortgage bonds to the amount of $14,000 which were hypothecated by you on the 9th December, 1857, to secure a note made by you in the name of the company for $2,298 14?

Answer.—My impression is that they are in the hands of M. K. Jessup & Co., New York, to secure the payment of the above note.

Question.—Have any farm mortgage bonds ever been used by any directors of the company, to your knowledge, for private purposes. If so, when, what amount, and who has so used them?

Answer.—I have no knowledge or recollection of any such use of the mortgage bonds.

Question.—Have any of the farm mortgage bonds of the company been disposed of, the proceeds of which have never been realized or received by the company?

Answer.—None that I know of, except the five thousand dollars heretofore spoken of.

Question.—What amount of first mortgage bonds have been issued and sold, or hypothecated by the company?

Answer.—There has been $550,000 issued, none sold. One hundred and forty thousand dollars hypothecated; $100,000 to the city of Milwaukee, and $40,000 as collateral for the purchase of iron. There was $280,000 placed in the hands of M. K. Jessup & Co., as trustees, until a certain portion of the road was completed, by resolution of the board of directors; and $100,000 in the hands of Mr. Blossom, placed by me in his hands, for which I have given the company my order.

Question.—What interest or claim has Mr. Blossom to said bonds?

Answer.—He might have had a claim against the company

of about $100, for advances made to aid in fixing the market value of the bonds.

Question.—What reason had Mr. Blossom for refusing to deliver these bonds either to you or the company?

Answer.—I am not aware that he has refused to deliver them.

Question.—By what authority did you sell or hypothecate, or otherwise dispose of any securities of the company after the month of April, 1857.

Answer.—As the general and financial agent of the company.

Question.—When did you last report, or account to the board of directors, or Executive Committee of the company, for or upon your acts and doings as President, or financial agent of the company?

Answer.—I cannot fix the date.

Question.—Have you made any such report within six months?

Answer.—I do not know that I have.

Question.—Were you requested by any of the directors of the company to make a detailed statement of your transactions, and of the financial condition of the company, in February or March, 1858, to the board of directors? if so, why did not you comply with that request?

Answer.—I was requested to make a statement, but did not choose to do so at that time.

Question.—Where were you during the sixth months immediately preceding the 1st of April, 1858; and what were you doing during that time?

Answer.—I was in the city of Milwaukee a portion of the time; but the greater part of my time was occupied in the city of New York attempting to negotiate for the company.

Question.—Had you any other business than that of President of the Milwaukee and Superior Railroad Company; if so, what was such other business, and during what part of that time were you occupied with such other business?

Answer.—I had no other business.

Question.—What traveling was done by you from the first of July 1857 to the first of March 1758, for, in and about the business of the Milwaukee and Superior Railroad Company, what was the business that occasioned such traveling, and what amount was actually disbursed by you in such traveling?

Answer.—I have no data to give any information on the above question.

Question.—What was your actual disbursements in detail for traveling and personal expenses in and about the business of the company, during the time named in the last interogatory?

Answer.—I cannot give you any details, but my impressions are, that they were about $2,000, probably to exceed that amount.

Question.—Were you ever paid any thing by the Milwaukee and Superior Railroad Company for cost of survey of the route of a railroad north of Milwaukee, made before the passage of the charter of said company. If you were, how much was paid to you, and when was it paid?

Answer.—I was paid something, but cannot remember the amount which was paid me.

Question.—What was the total cost of survey, made by you north of Milwaukee, under the charter of the Green Bay, Milwaukee and Chicago Railroad Company, prior to the year 1856, and was any part of the cost thereof, paid by the city of Sheboygan, and how much, if any, was there paid by said city?

Answer.—I cannot tell exactly the cost of the survey. The city of Sheboygan advanced me $1,000 in city orders, which were sold at a discount, and for which I gave them my personal liability.

Question.—Did you receive money from any other corporation or person, to be used in such survey? If so, state from whom, and how much you so received.

Answer.—After the survey was completed, I made my draft on Julius White for one thousand dollars.

Question.—Did you ever deliver to Julius White any farm mortgage bonds of the Milwaukee and Superior Railroad Company? If you did, state when you did so, and what amount of such bonds you so delivered to him, and for what purpose they were so delivered to him, and especially whether they were delivered to him, to secure him for money advanced to you before the passage of the charter of the said company, and the amount of such advance; state, also, what has become of those mortgages?

Answer.—There was $10,000 farm mortgage bonds of the Milwaukee and Superior Railroad Company, delivered to Julius White to sell, with instructions not to sell at less than 70 cents on the dollar. I cannot state the time when delivered.

I did not design them as collateral to any debts which I owed Mr. White. Mr. White had rendered services in different ways to the company, for the benefit of the company, in obtaining the charter and lobbying for the Land Grant, and other services, and he was to be paid for his services whenever those bonds should be sold.

Question.—What has become of those farm mortgage bonds; and what consideration was given to the party returning them.

Answer.—They were returned to the company, and in lieu of them he received an an equal amount of Milwaukee and Fond du Lac Air Line farm mortgage bonds.

Question.—What was the object of the exchange?

Answer.—It was for the accommodation of Mr. White that they were exchanged, so that he could use them as collateral on some of his own paper.

Question.—Is Mr. White a director of the Milwaukee and Fond du Lac Air Line Railroad Company?

Answer.—He is.

Question.—Did Mr. White ever pay anything in on the

capital stock to the Milwaukee and Fond du Lac Air Line Railroad?

Answer.—No that I am aware of

Question.—What salary have you received from the company as President? Was your salary ever fixed by resolution of the board or otherwise? What is the total amount received by you for salary and services for the company?

Answer.—My salary was fixed by the board of directors at $5,000 per year. I do not know the amount which I have received for salary and services, not having books or papers to refer to.

Question.—How much have you received from the company for personal expenses and disbursements in and about the business of the company?

Answer.—I cannot say, for want of books and papers to refer to.

Question.—By whom has your expenses and salary been paid, and what portion thereof has been audited and allowed by the board of directors or executive committee of said company?

Answer.—I have used money that was in my hands for payment of salary and expenses; a portion of them were audited by the board of directors, but the amount I cannot state.

Question.—Have you any claims against the company for services or expenses; if so, state the amount of such claim, and the origin and details thereof, and whether you have ever presented any account thereof to the company?

Answer.—I have an unadjusted claim against the company of which I have made no statement. I am also an endorser on the paper of the company to a large amount.

Question.—Have you any money, securities, property, or effects of the Milwaukee and Superior Railroad Company now in your possession or control? If so, state what you have, and the amount, and value thereof?

Answer.—I may have a small amount of money in my

hands, which I hold subject to the adjustment of accounts between us. I have no securities of any description belonging to the company, or issued by them.

Question.—What is the amonnt of liabilities of the company, for what, and by whom were such liabilities incurred, and how is the payment thereof secured?

Answer.—I cannot tell. The liabilities were incurred for the benefit of the company, the payment is secured in different ways—partially by first mortgage bonds as callateral, and personal notes.

Question.—Had you any money in your hands on the first day of January, 1858, belonging to the Milwaukee and Superior Railroad Company, or which were derived from the property or securities of said company? If you had, what was the amonnt thereof, and what have you done with the same?

Answer.—I do not think I had any at that time.

Question.—Have you had, or received, any moneys since the 1st day of November, 1857, for, or on account of the Milwaukee and Superior Railroad Company, derived from the sale or pledge of bonds, mortgages or other property of the company, or from any other source whatever? If you have, what amount have you so received, and what disposition have you made of the same?

Answer.—I have, but I cannot fix the amount. I have used the same in paying my traveling expenses, and for salary.

Question.—Was you President in February, 1857, at the meeting of the board of directors of the Milwaukee and Superior Railroad Company, at the time the same power that you held then, was conferred upon the Executive Committee?

Answer.—I was.

Question.—Have any of your disbursements, made since the 1st day of December, 1857, in the name of the company, been authorized by the board of directors, or Executive Com-

mittee; what portion of the same has been made by such, or any other authority?

Answer—I am not aware that they have.

Question.—For what per cent did the company sell or dispose of the farm mortgage bonds?

Answer.—From twenty-five to eighty-five cents; they were from absolute sales.

Question.—What amount of money has been expended on the road, by the said company, what number of miles has been completed from the junction with the La Crosse and Milwaukee Railroad. What number of miles of said road is graded?

Answer.—I cannot say, not having either books or papers as reference. There was either five or five and a half miles completed, and somewhere between four and five miles graded.

Question.—Was there one hundred thousand dollars of full paid stock issued to you, if so, what was the consideration?

Answer.—There was $100,000 full paid stock issued to me as compensation for services rendered by me, and for surrendering my rights in the southern portion of the Milwaukee and Chichago road, and for extinguishing the rights of the Green Bay, Milwaukee and Chicago Railroad Company to the line north of Milwaukee.

Question.—What disposition did you make with that $100,000 of full paid stock?

Answer.—I transferred, as near as I recollect, the following amounts to the following directors of the road, to wit: To H. Hærtel $15,000, E. Button $15,000, D. P. Hull $15,000, J. Stark $7,500, and A. Greulich $5,000.

Question.—What was the object of making this transfer to the directors?

Answer.—As a matter of justice to them, and as they were to become endorsers on the company's paper, and for the purpose of retaining them as directors, in order to guard their interests.

Question.—Did the above named persons, who received those full paid stocks from you, ever give you or the company any consideration for them?

Answer.—They never gave me any, nor to my knowledge has the company received any from them.

Question.—Was it understood at the time of the issue to you of that $100,000 full paid stock, that the directors heretofore named should receive the stock transferred by you to them?

Answer.—I think it was, with the exception of Mr. Greulich, who was not a director at that time.

Question.—Were the entries made of your transactions in the books of the company by you; and when so made, was it by knowledge of the board of directors?

Answer.—The entries were made by H. W. Janes, late Secretary of the company, by my request. At the time he left there was some transactions that were not entered on the books, and during the past winter I obtained his services to complete the work which he had left undone, and to make such further entries as I thought necessary and proper. The directors had access to the books at all times.

C. R. ALTON.

Subscribed and sworn to before the committee this first day of May, A. D. 1858.

ALEXANDER M. ALLING,
Chairman of Committee.

Question.—Were the most of the directors of the Milwaukee and Superior Railroad Company, directors of the Milwaukee, Fond du Lac Air Line Railroad Company?

Answer.—They were.

Question.—What was the bonus given to obtain the charter of the Milwaukee, Fond du Lac Air Line Railroad Company, and to whom was it paid? How much in cash? How much in the stock of the said Air Line Railroad Company?

Answer.—Three thousand dollars in cash, and a stipulation for twenty thousand dollars full paid stock. It was paid to N. P. Tallmadge, formerly President of the Milwaukee and Fond du Lac Air Line Railroad Company.

Question.—Who were the officers of the Milwaukee and Fond du Lac Air Line Railroad Company after the charter came into your hands, and after the first election?

Answer.—I was President, James Vollmar, Vice President, H. W. Janes, Secretary, Joshua Stark, Attorney, and, I think, D. P. Hull was Treasurer.

Question.—Do you know the names of the board of directors of the Air Line Road?

Answer.—They were as follows, to wit: H. Hærtel, J. Vollmar, M. J. Thomas, E. Button, D. P. Hull, J. Stark, Julius White, and C. R. Alton, according to the best of my recollection.

Question.—Did either of the directors of the Milwaukee and Fond du Lac Air Line Railroad Company, ever pay in any money as their per centage on the stock subscribed by them?

Answer.—Not that I am aware of.

Question.—Who were the agents authorized to receive subscription to the capital stock of the Air Line Railroad?

Answer.—Mr. Jas. Vollmar, John E. Mann, of Washington county.

Question.—How much did the agent or agents receive for obtaining subscriptions to the capital stock, either in cash or farm mortgage stocks? What per cent.? Was it in money, bonds, or stock?

Answer.—I have no recollection of what Mr. Mann re-

ceived. Mr. Vollmar, I believe, was to receive 1½ per cent on farm mortgage stocks, and one per cent on cash stock Mr. Vollmar received some money, the amount I am not aware of.

Question.—Was Mr. White entitled to any compensation for services rendered to the Air Line Railroad Company?

Answer.—He was not, only for services rendered to the Milwaukee and Superior Railroad company.

Question.—Do you know what disposition Mr. Julius White has made of the $10,000 of farm mortgage bonds of the Milwaukee and Fond du Lac Air Line Railroad Company?

Answer.—I do not.

Question.---What amount of farm mortgages has the company obtained along the line of the Milwaukee and Fond du Lac Air Line Railroad? And what was done with them?

Answer.---A little less than $50,000 have been perfected, in addition to the $10,000 in the hands of Mr. Julius White; $8,200 are deposited in the Marine Bank, Milwaukee, as collateral to something over $4,000 that had been obtained there for the use and benefit of the Milwaukee and Superior Railroad; also, $600 which was sold at the rate of 80 cents, and was used in New York to pay some difference on iron which was used for the benefit of said road. The remainder are in the hands of the company, I think.

Question.---What amount has been expended along the line of the said road?

Answer.---I cannot tell.

Question.---What was the yearly salary of the officers of the Air Line Railroad company, and how much did they receive?

Answer.---No salaries were fixed, and to my knowledge, none was paid, except to Mr. Janes, late Secretary, who received between two and three hundred dollars.

Question.---Do you know whether any of the directors or officers of the Air Line Railroad Company, ever used any of

the Milwaukee and Fond du Lac Railroad mortgages for their own use or private purpose ?

Answer.—I am not aware that such is the case.

Question.—When you took the books of the Milwaukee and Fond du Lac Air Line Railroad Company, of which N. P. Tallmadge was President, was there any money paid in ?

Answer.—Mr. N. P. Tallmadge, Moses Weil, of West Bend, and Daniel McHenry, had paid five per cent. on the amount of their subscriptions; Mr. Weil had subscribed for $5,000, and Daniel McHenry $500. Almost the entire amount of the per centage on the subscriptions had been expended before the books came into our hands.

C. R. ALTON.

Subscribed and sworn to, before the Committee, May 1st, 1858.

ALEXANDER M. ALLING,
Chairman of Committee.